



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

15003
Combined with 15004
Phillips

September 24, 1980

B-199693

Finding

Addressed

In the matter of Kramer Electric and its owner, Paul Schneider, Jr., 9 Frontenac, Godfrey, Illinois 62035.

Section 1(a) of the Davis-Bacon Act of August 30, 1935, 49 Stat. 1011, 40 U.S.C. § 276a (1976), provides in part that--

"The advertised specifications for every contract in excess of \$2,000, to which the United States * * * is a party, for construction, alteration, and/or repair, including painting and decorating, of public buildings or public works of the United States * * * and which requires or involves the employment of mechanics and/or laborers shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics * * * and every contract based upon these specifications shall contain a stipulation that the contractor or his subcontractor shall pay all mechanics and laborers employed directly upon the site of the work, unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the contractor or subcontractor and such laborers and mechanics * * *."

Section 3(a) of the act provides that--

"* * * the Comptroller General of the United States is further authorized and is directed to distribute a list to all departments of the Government giving the names of persons or firms whom he has found to have

[Obligations to Employees]

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disregarded their obligations to employees and subcontractors. No contract shall be awarded to the persons or firms appearing on this list or to any firm, corporation, partnership, or association in which such persons or firms have an interest until three years have elapsed from the date of publication of the list containing the names of such persons or firms."

Contract No. F11623-78-C-0045, in excess of \$2,000 for the modification of Building 1533 at Scott Air Force Base, Illinois, was awarded by the Department of the Air Force to Kramer Electric. The contract contained the stipulations and representations required by section 1 of the Davis-Bacon Act.

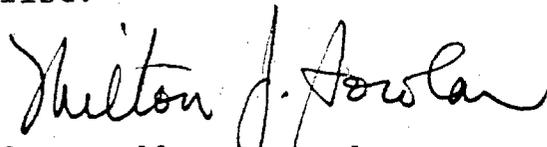
[An investigation conducted by the Wage and Hour Division, United States Department of Labor, pursuant to a request by the United States Air Force, disclosed that the contractor, Kramer Electric, having full knowledge of its statutory and contractual responsibilities, did nevertheless disregard these responsibilities as evidenced by the deliberate payment of subminimum wage rates to persons employed by it on the subject project.] As a result of this investigation, 12 employees were found to have been underpaid a total of \$7,163.24 in violation of the terms of the Davis-Bacon Act. Partial restitution was made by the contractor. [The record also indicates that certified payrolls submitted to the contracting agency contained incorrect information designed to simulate compliance with applicable labor standards requirements.]

By letter dated January 18, 1980, the Deputy Administrator, Wage and Hour Division, United States Department of Labor, notified the contractor in detail of the nature and extent of the labor standards violations charged against the firm. The Department of Labor's January 18 letter was returned by the Postal Service with the notation "unclaimed."

It is clear, [particularly in light of the falsified payrolls, that good faith was not shown in complying with the act and the contractual provisions. The Department of Labor has recommended imposition of debarment sanctions.]

We therefore find that Kramer Electric and Paul Schneider, Jr., its owner, individually, have disregarded "obligations to employees" within the meaning of the Davis-Bacon Act. Accordingly, these names will be included on

a list for distribution to all agencies of the Government pursuant to statutory requirements and no contract shall be awarded to them or to any firm, corporation, partnership, or association in which they or either of them has an interest until 3 years have elapsed from the date of publication of such list.



For the Comptroller General
of the United States



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Release
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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

September 24, 1980

B-199693

Kramer Electric
9 Frontenac
Godfrey, Illinois 62035

Attention: Mr. Paul Schneider, Jr.
Owner

Gentlemen:

Enclosed is a copy of our finding of today that Kramer Electric and its owner, Paul Schneider, Jr., have disregarded obligations to employees within the meaning of the Davis-Bacon Act, 40 U.S.C. § 276a (1976), in the performance of contract No. F11623-78-C-0045 for the modification of a building at Scott Air Force Base, Illinois.

Pursuant to the provisions of section 3(a) of the act, the names of the above firm and individual shall be included on our next published list of ineligibles and no Government contract shall be awarded to either of them or to any firm, corporation, partnership, or association in which they or either of them has an interest until 3 years have elapsed from that date.

For the Comptroller General
of the United States

Enclosure