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ENR New York

In Hot Water: New York Engineering Executives Charged in Pay-to-Play Scheme

The DA's office is also suing defendants for \$177.6 million, alleging corruption related to waterworks construction contracts



HAKS was a contractor on Gilboa Dam's reconstruction, a city project, in 2015.

PHOTO COURTESY OF NYC DEPT. OF ENVIRONMENTAL PROTECTION

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For what New York City prosecutors say was a decade-long corruption scheme to win city water infrastructure contracts, Manhattan District Attorney Cyrus Vance has indicted a former city Dept. of Environmental Protection manager and executives at nine engineering firms on business fraud, bribery and other charges. It's unclear how much all the contracts were worth, but the DA's asset forfeiture unit is filing two civil suits seeking \$177.6 million from the defendants.

Those charged April 18 in state Supreme Court include Ifeanyi "Manny" Madu, the DEP's former assistant deputy director of engineering audits; his assistant Shelly Mohan; and leaders of HAKS, SIMCO Engineering, D&B Engineers and Architects, Haider Engineering, Black & Veatch, and The Shaw Group before it became CB&I/Shaw Environmental. Vance claims the design firms won contracts between 2007 and 2016 to maintain and expand the city's water system with information illegally obtained from Madu. HAKS and SIMCO execs and Madu also are accused of illegally securing contracts meant for certified women- and minority-owned businesses (M/WBEs).

Prosecutors claim Madu leaked confidential information, such as upcoming contract schedules, nonpublic cost estimates and details about selection committee members, during contract bidding.

Prosecutors claim Madu leaked confidential information, such as upcoming contract schedules, nonpublic cost estimates and details about selection committee members, during contract bidding. In return, the charged executives' companies allegedly gave \$7.5 million in subcontracts to firms owned by Madu's family and friends, pricey gifts to him and jobs to his relatives.

Along with HAKS CEO and founding chairman Husam Ahmad, also a SIMCO co-owner, who abruptly resigned from the company just before he was indicted, defendants include HAKS CFO Shahid Ahktar and assistant engineer Muhammad Haque; SIMCO President Muhammad Siddiqui; former D&B President Henry Chlupsa; Haider CEO Syed Haider; Walter Gross, ex-president of Shaw Group; and Kyriacos Pierides, a former Black & Veatch associate vice president.

Madu and his wife, Joyce Harvey-Madu, also allegedly set up JCMS Associates and CIMC Associates, which were certified for state M/WBE programs. In government filings, the firms didn't mention Madu's involvement, the indictment contends, so that they could ink M/WBE subcontracts from his codefendants' firms—in return for information from Madu.

Ahmad is also accused of M/WBE program fraud. While he officially owned a 45% stake in SIMCO, former HAKS employee Siddiqui bought a 55% share of SIMCO with funds provided by Ahmad and became its president, covering up Ahmad's actual control of the company, the DA claims. The scheme allegedly



Ahmad

netted SIMCO more than \$10 million in public contracts that SIMCO couldn't have gotten if its true ownership was known. HAKS also listed SIMCO as a subcontractor on state and local transportation projects to meet disadvantaged-business requirements.

Vance says Ahmad also broke political campaign contribution laws by illegally reimbursing his employees—and even ex-New York City Transit Vice President David Henley—for donations they made to Mayor Bill de Blasio and unsuccessful 2013 mayoral candidates Joe Lhota and William Thompson.

HAKS, the DEP, SIMCO and Haider did not respond to requests for comment.

Patrick MacElroy, Black & Veatch director of communications, said Pierides left the firm in late 2015. "We have been informed by the district attorney's office that we will not be the subject of prosecution in this matter," he told ENR.

D&B told ENR it had "instituted new policies and procedures to ensure that situations like this do not happen again," including a company-wide compliance program and mandatory employee training.

Ironically, in 2016 [HAKS gave \\$25,000 in scholarships](#) to minority and female engineering majors (ENR 7/18/2016 p. NY6) to celebrate its 25th anniversary. Ahmad noted then "how important it is to encourage a diverse workforce within the engineering field," calling the awards "one way our firm can give back to our community."

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