



**Orange County District Attorney
& Department of Industrial Relations**
Press Release



FOR IMMEDIATE RELEASE

Case # 13ZF0177

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**FORMER GENERAL CONTRACTOR INDICTED ON CHARGES
OF DEFRAUDING EMPLOYEES BY TAKING \$81,000 IN WAGES AND
KEEPING MONEY FOR HIMSELF FROM PUBLIC WORKS CONTRACTS**

SANTA ANA – A former general contractor was indicted on charges of defrauding his employees by taking their wages totaling \$81,000 in loss and keeping the money for himself from state public works contract. Sourin Babayan, 64, Glendale, was indicted on 14 felony counts of taking and receiving a portion of a worker's wage on public works project, two felony counts of attempted taking and receiving a portion of a worker's wage on a public works project, 19 felony counts of recording a false and forged instrument, and seven felony counts of dissuading a witness from prosecuting a crime, with sentencing enhancements for property damage and/or loss over \$65,000. If convicted on all counts, he faces a maximum sentence of 57 years and nine months in state prison. The defendant is being held on \$200,000 bail and must prove the money is from a legal and legitimate source before posting bond. Babayan's scheduled arraignment was continued in court today to Oct. 18, 2013, at 8:45 a.m. in Department C-5, Central Justice Center, Santa Ana.

At the time of the crime, Babayan is accused of working as a sub-contractor as well as owning his own business, SDB Construction (SDB). DJM Construction (DJM), a general contractor who was awarded a project by the State of California, had been awarded a contract for improvement for a state developmental hospital in Costa Mesa.

On Jan. 9, 2013, Babayan, through SDB, was retained by DJM to install fire sprinklers for several buildings with multiple floors for an estimated \$820,000. Babayan is accused of supervising 17 employees and being solely responsible for payroll to complete the job. Although the contract with DJM for the job was still in negotiations, the defendant is accused of starting on the project. DJM had agreed to pay all materials, labor, general liability insurance, Workers' Compensation Insurance, and a 15 percent mark-up directly to Babayan as profit.

Between Feb. 15, 2013, and June 22, 2013, Babayan is accused of requiring his workers to return a portion of their wages and threatening to terminate their employment if they did not comply. Over the course of the projects, the defendant is accused of submitting fraudulent and forged certified payroll records for labor to DJM and receiving a lump sum for payroll. Babayan is accused of then issuing payroll checks for the correct

amount due to his staff for proper bookkeeping. He is accused of having his employees return some of their wages back to Babayan. The defendant is accused of keeping that money for his own personal use.

Around the first week of July 2013, Babayan is accused of resubmitting the contract under negotiations with DJM with a new estimate of \$2.3 million to finish the job. Babayan was subsequently let go from the project and his staff lost their employment, which they found out about July 8, 2013.

On July 8, 2013, the Orange County District Attorney's Office (OCDA), who was earlier in the year contacted by SDB employees concerned about their wages and conducted an investigation.

The Department of Industrial Relations' Division of Labor Standards Enforcement (DLSE), also known as the Labor Commissioner's Office, also investigated this case and completed a civil wage and penalty assessment to help the employees receive their full wages in a timely manner.

Labor Commissioner Julie A. Su said, "This case is another example of the serious nature of wage theft and our commitment to ensuring maximum civil and criminal penalties to put an end to it." The Labor Commissioner's Office works closely with district attorneys' offices throughout the state. "I am very appreciative of our relationship with the Orange County District Attorneys' Office," stated Commissioner Su.

The OCDA and the Labor Commissioner have been working together on joint investigations to ensure that all labor laws are enforced on public works jobs, including payment to workers of the wages they've earned.

On July 12, 2013, Babayan is accused of inviting all his employees to his house under the guise of having their last paychecks. He is accused of dissuading his employees as witnesses in the prosecution of a crime instead of giving them their last paycheck.

Deputy District Attorney Donde McCament of the Insurance Fraud Unit is prosecuting this case.

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