

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
401 Market Street, Fourth Floor
Camden, New Jersey 08101



Paul J. Fishman, U.S. Attorney

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Assistant U.S. Attorney
MATTHEW SKAHILL
856-968-4929

kong0202.rel
FOR IMMEDIATE RELEASE
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Owner of Temporary Labor Firm Pleads Guilty to Bribery Scheme

(More)

Greg Reinert, PAO
Public Affairs Office

856-757-5233
973-645-2888

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CAMDEN – The owner/operator of a Philadelphia-based temporary labor firm pleaded guilty today to making bribe payments to a senior investigator with the N.J. Department of Labor & Workforce Development, Division of Wage and Hour Compliance, in return for the investigator’s official assistance benefitting the company, U.S. Attorney Paul J. Fishman announced.

Channavel “Danny” Kong, 38, of Philadelphia, pleaded guilty before U.S. District Judge Noel L. Hillman to a two-count Information which charges him with one count each of bribery and failure to pay over employment taxes. Judge Hillman continued the defendant’s release on a \$50,000 bond pending sentencing, which is scheduled for May 28.

As part of his plea, Kong will pay over the employment taxes owed, plus interest and penalties, which total in excess of \$80,000.

At his plea hearing, Kong admitted that from 2006 through 2009, he owned and operated Sunrise Labor (“Sunrise”), which was in the business of providing temporary employees to client businesses, including businesses located in New Jersey. Typically, Sunrise’s contracts with these outside businesses called for Sunrise to assume the responsibility to withhold and pay state and federal payroll taxes, and comply with wage, hour and worker’s compensation insurance coverage laws and regulations, in exchange for a flat hourly rate per employee.

Kong admitted that from 2006 through January 2009, he made corrupt cash payments to a senior investigator with the N.J. Department of Labor & Workforce Development, Division of Wage and Hour Compliance (“NJDOL”), named Joseph Rivera, 54, of Winslow. Kong admitted he paid bribes totaling approximately \$55,281 to Rivera with the intent to protect Sunrise from State of New Jersey audits and inspections analyzing the temporary labor firm’s compliance with payroll tax obligations.

Kong also stated that he was responsible, as the operator of Sunrise, for withholding, collecting, and accounting for and paying to the United States all employment taxes imposed by the Internal Revenue Code. Kong admitted that he willfully failed to collect and truthfully account for these taxes, which caused a tax loss of more than \$80,000 but less than \$200,000.

On March 30, 2009, Rivera pleaded guilty before U.S. District Judge Noel L. Hillman to a two-count Information which charges him with one count each of solicitation and acceptance of a bribe and tax evasion. Rivera is scheduled to be sentenced on June 3.

As part of his plea, Rivera forfeited \$1.86 million in monies and property, an amount equal to the total bribe payments he accepted. The forfeitures included \$120,400 in cash; two Ocean City, N.J., properties; a Fort Lauderdale, Fla., property; a 2008 Lexus Es 350; eight gold plates; and numerous other gold and silver coins.

Rivera’s responsibilities as a senior investigator included inspecting temporary labor firms working in southern New Jersey to verify compliance with state wage and hour laws, and with regulations regarding taxes and worker’s compensation insurance coverage.

At his plea hearing, Rivera admitted he accepted bribe payments totaling more than \$1.86 million from owners and operators of temporary labor firms. Rivera admitted that between 2002 and late 2008, he solicited and accepted corrupt cash payment from at least 20 owners or operators of temporary labor firms that were in the scope of his inspection activities. Rivera admitted that he typically calculated the amount of a bribe payment by multiplying \$0.25 by the total number of hours worked by a temporary labor firm's employees.

In exchange for these corrupt payments, Rivera admitted that he used his position on behalf of and for the benefit of the temporary labor firms that were paying him bribes. Rivera admitted that he refrained from inspecting these firms and falsely certified that these firms were in compliance with state wage and hourly statutes and regulations. Rivera also recommended these firms to other businesses as firms that should be hired.

The bribery charge to which Kong pleaded guilty, carries a maximum statutory penalty of 10 years in prison and a fine of \$250,000 or twice any pecuniary gain to the defendant or loss to any victim, whichever is greatest. The tax charge to which Kong pleaded guilty carries a maximum statutory penalty of 5 years in prison and a fine of \$100,000.

In determining an actual sentence, Judge Hillman will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors, including acceptance of responsibility. The judge has wide discretion and is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all of that time.

Fishman credited Special Agents of the IRS Criminal Investigation, under the direction of Special Agent in Charge William P. Offord, and the FBI's South Jersey Resident Agency, under the direction of Special Agent in Charge Janice K. Fedarcyk, with the investigation.

The government is represented by Assistant U.S. Attorney Matthew Skahill of the U.S. Attorney's Office Criminal Division in Camden.

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Defense Attorney: Michael Wallace, Esq. Philadelphia, PA.