



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 13, 2014

Mr. William Howe
Director, Office of Contract Management
Department of Transportation
50 Wolf Road
Albany, NY 12232

Dear Mr. Howe:

Re: Contract D262481

After a thorough review of contract D262481 with Limnes Corp., Inc. (Limnes), the Office of the State Comptroller (OSC) is returning this contract non-approved. Factors influencing our determination include the inadequacy of the agency's review and unresolved questions regarding the relationship between Limnes and debarred affiliate, Matsos Contracting Corporation (Matsos).

During its Vendor Responsibility review, OSC noted that the vendor had identified Matsos as an affiliate on its New York State Vendor Responsibility Questionnaire – For Profit Construction (CCA-2). Upon further investigation, OSC determined that Matsos was debarred by the Department of Labor for the period February 10, 2010 through February 10, 2015. The Department of Labor determined that Matsos was an alter ego of another entity, GBE Contracting Corp. (GBE), who was found to have failed to pay prevailing wage and falsified certified payroll records. The Department of Labor debarred GBE, Matsos, and GBE principal George Shinas. While acknowledging its affiliation with Matsos, Limnes failed to disclose the debarment as required in section VII of the CCA-2.

As a result, OSC contacted the Department of Transportation (DOT) to obtain clarification as to the current ownership of Limnes, their relationship with the debarred entities, and their failure to disclose such debarments. The vendor responded to DOT that Popi Shinas is the 100 percent owner of Limnes with ownership transferring from Emilia Shinas in June 2010. Emilia Shinas is the current owner of Matsos. The vendor acknowledged that Popi Shinas had worked as a bookkeeper for Matsos but was never an owner, officer, or director. They did not believe they needed to disclose the debarment of Matsos on the CCA-2, avowed no knowledge of the debarment details, and stated that Matsos and Limnes are not connected in any way.

As part of our request, we specifically requested that DOT provide an assessment of each issue, its relevance to the vendor's responsibility for this contract, and any corrective or mitigating actions taken by the vendor or DOT in response to these issues. We also requested that if DOT found that the issues did not impact this transaction, they must state the reasons justifying such statement. In its response, DOT directed OSC to review the vendor's responses to the questions, and added that they still believe the firm to be responsible after reading their explanations. No individual assessment of the issues or additional justification was provided, as requested.

DOT, as a member of the Council of Contracting Agencies, is quite familiar with the disclosure requirements of the CCA-2. In addition, DOT should be familiar with both debarred entities Matsos and GBE, as previous DOT contract holders, and the overarching familial relationship between the principals of these entities and that of the current vendor, Limnes. Yet despite such knowledge, DOT failed to provide an adequate assessment of this issue, either on its Vendor Responsibility Profile or when specifically requested on follow-up correspondence. Consequently, OSC believes that the Department has not provided adequate documentation to support its responsibility determination and cannot recommend this contract for approval at this time.

Should DOT, after assessment of the identified issues with this vendor, decide to proceed with this contract, and can adequately support and document that Limnes is a responsible vendor, OSC can re-evaluate its determination. OSC will require, at a minimum, a written assessment of each of the specific issues identified in OSC's email to DOT dated January 15, 2014, as well as clarification and assessment of the following items:

1. On the June 11, 2010 CCA-2 of Matsos Contracting Corp., Matsos identifies its affiliate, Limnes Realty Corp. as a "real estate holding company," yet on Limnes' CCA-2 submitted with this contract, Limnes indicates that in May 2009, over one year earlier, they were awarded a painting subcontract by El Sol Contracting for DOT contract D261013.
 - At what point, and for what reason, was the decision made to change the name and business direction of Limnes Realty Corp. from a real estate holding company, to Limnes bridge painters?
 - What was the process DOT followed to vet Limnes as a subcontractor for this project and what, if any, were the experience requirements?
 - Please identify Limnes' SSPC initial certification dates for QP1 and QP2.
2. In response to OSC's initial questions to DOT on January 15, 2014 regarding Limnes' failure to disclose the Matsos debarment, Popi Shinas responded that she has no knowledge of the details regarding Matsos debarment as Matsos and Limnes are not connected in any way. Please provide your assessment of this response in light of the following facts:

- Popi Shinas admitted that she worked for a time as a bookkeeper for Matsos.
 - Popi Shinas is listed as an additional debtor along with Matsos on a UCC Financing Statement secured by United States Surety Company dated April 9, 2010.
 - Matsos' June 11, 2010 CCA-2 and a Matsos UCC Financing Statement dated October 24, 2007 both list Matsos' address as 154-15 Cross Island Parkway, the same address from which Limnes operates.
3. Popi Shinas also responded that she was never an employee of GBE and had no involvement in the company whatsoever. Please provide your assessment of this response in light of the following facts:
- In an action brought in US District Court in 2009 by First Indemnity of America and AXA Global Risks to recover losses sustained on surety bonds for construction projects, Popi Shinas is identified as an "Indemnitor" and GBE is identified as "the Contractor," on the indemnity agreement at issue.
 - Popi Shinas is shown as a debtor on an outstanding judgment of \$191,333 to John Deere Insurance Company as a result of US District Court judgment in John Deere Ins. Co. v. GBE/Alasia Corp.
4. Please assess the role debarred GBE principal, George Shinas, now a Limnes employee, will have in this contract. Also please confirm the vendor's assertion that there are no other employees of Limnes that worked for either Matsos or GBE, other than union laborers.
5. Please identify the familial relationship between 100 percent owner Popi Shinas and the following:
- Emilia Shinas;
 - George Shinas;
 - Vasilios Shinas;
 - Stamatios Shinas.

Your attention to this matter is greatly appreciated.

Sincerely,



Charlotte E. Breeyear
Director of Contracts