

NEW YORK STATE  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
207 GENESEE STREET  
UTICA, NEW YORK 13501

In the Matter

- of -

the Application of **CLS Project Solutions, Inc.**  
for Certification as a Woman-owned Business Enterprise  
pursuant to Executive Law Article 15-A.

NYS DED File ID No. 68421

RECOMMENDED ORDER

-by-



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David A. Murad  
Administrative Law Judge  
December 4, 2025

This matter considers the written appeal by CLS Project Solutions, Inc. (“CLS” or “applicant”) pursuant to New York State Executive Law Article 15-A and Title 5 of the Official Compilation of Codes, Rules and Regulations of the State of New York (5 NYCRR) parts 140-144, challenging the determination of the Division of Minority and Women’s Business Development (“Division”) of the New York State Department of Economic Development (“DED”) that the business enterprise does not meet the eligibility criteria for certification as a woman-owned business enterprise (“WBE”).

### **PROCEDURAL HISTORY**

1. On December 3, 2024, Cynthia Serrante, as CEO, applied on behalf of CLS for certification as a woman-owned business enterprise (“WBE”). (DED Exhibit 1)
2. On May 6, 2025, the Division denied the application on the following grounds (DED Exhibit 2):
  - (a) Minority group members or women relied upon for certification must possess adequate, industry-specific competence to make critical business decisions without relying upon other persons, as required under 5 NYCRR §144.2(c)(1);
  - (b) Minority group members or women relied upon for certification must make operational decisions on a day-to-day basis with respect to the critical functions of the business enterprise, as required under 5 NYCRR §144.2(c)(2);
  - (c) Minority group members or women relied upon for certification must negotiate business contracts and represent themselves to clients as the principals of the business enterprise, as demonstrated by fully executed business agreements, as required under 5 NYCRR §144.2(d)(2); and

(d) The business enterprise must operate independently, as required under 5 NYCRR § 144.2(e).

3. CLS timely filed a Request to Appeal on May 16, 2025. (DED Exhibit 3)
4. A Notice to Proceed via Written Appeal was sent to CLS on May 20, 2025. (DED Exhibit 4)
5. On June 13, 2025, CLS filed its written appeal. (APP Exhibit A)
6. The Division filed an Affidavit of Eugenio Alcantara, Certification Director, dated October 31, 2025, and a brief of Lisa Berk, Esq., counsel for the Division, dated October 31, 2025.

### **FINDINGS OF FACT**

7. CLS is engaged in the business of general construction, construction management, and design-build services. (DED Exhibit 1)
8. Cynthia Serrante is the CEO and 100% owner of CLS. (DED Exhibit 1)
9. Cynthia Serrante is responsible for overall management, “including policies, business operations, project management, vendor management, human resources, accounting systems and financial performance.” “Over her 20-year career, Cynthia managed and refined the office operations for two emerging construction firms before forming CLS Project Solutions, Inc.” She listed her skills as an office manager/full charge bookkeeper, whose responsibilities included weekly payroll, accounts receivable/payable, credit and collections, statement billing, expense control, account management, human resources management, staff training and supervision and customer services/client relations. She holds a bachelor’s degree in management information systems. (DED Exhibits 5 and 6) “Cynthia Serrante oversees the overall management of CLS, Inc., ensuring alignment with company policies, business operations, and strategic goals. Her responsibilities include

project management, vendor management, human resources, accounting systems, and financial performance.” (DED Exhibit 7)

10. Louis Serrante is the co-founder and president of CLS. His responsibilities “range from project evaluations, estimating, technical review, project management, engineering, architectural support, and overall financial and operational oversight of the company. Over his 33+ year career in General Contracting, Construction Management and Field Operations, Louis has successfully completed over \$██████████ in construction projects.” He holds an associate degree in construction technology. He is “responsible for the day-to-day field operations, establishing procedures, technical review, engineering, and architectural support. Oversee all project management and evaluation.” (DED Exhibits 7, 8 and 9)
11. Michael Serrante, the Vice President of Operations, “leads the management of client, vendor, and team relationships. He organizes and monitors project statuses to ensure client satisfaction and coordinates staffing for new opportunities. Additionally, he contributes to estimating and business development efforts...” Michael Serrante signed every contract and lease submitted with the application and, as per Cynthia Serrante, is the company’s point person for contract negotiations. (DED Exhibits 7, 13-16 and 20)
12. John Grillo “oversees and coordinates all project management and field procedures for CLS, Inc., ensuring projects are executed efficiently and effectively.” He holds an associate degree in construction technology. (DED Exhibits 7 and 10)
13. Robert Zgorzynski is the Senior Project Manager and “is responsible for directing and managing construction projects of all sizes and complexity.” (DED Exhibit 7)

14. Cynthia Serrante is jointly responsible with others for financial decisions, negotiating bonding, negotiating insurance, marketing and sales, hiring and firing, managing and signing payroll, and as a signatory for business accounts. John Grillo, Michael Serrante and Thomas Sinclair, estimator are responsible for bidding. John Grillo is responsible for supervising field operations. Thomas Sinclair is responsible for estimating. Louis Serrante and Michael Serrante are responsible for negotiating contracts. (DED Exhibit 1)
15. John Grillo, “through his personal LLC, STPZ, serves as Chief Operating Officer (COO) of CLS. STPZ operates under a consulting agreement with CLS providing strategic operational leadership and oversight. STPZ as a separate legal entity, receives an annual IRS Form 1099 for consulting services rendered to CLS, reflecting its independent contractor status... This setup allows CLS to benefit from Mr. Grillo’s extensive experience while maintaining a flexible and compliant management model.” (DED Exhibit 7) “Technically he’s involved in every little detail. He’s at the job site. He’s planning. So, John is probably the most involved. He runs the field operation.” (DED Exhibit 17)
16. As a licensed general contractor, CLS operates under a business model that allows for the strategic use of subcontracted labor. (APP Exhibit A) CLS paid subcontractors \$ [REDACTED] in 2022, representing 44.4% of gross earnings of \$ [REDACTED] CLS paid subcontractors \$ [REDACTED] in 2023, substantially exceeding its gross earnings of \$ [REDACTED]. (DED Exhibits 21 and 22) The business subcontracts “mostly everything it does in the field unless there is a labor requirement that requires union labor to be on the job.” (DED Exhibit 17)

## APPLICABLE LAW

5 NYCRR §144.2(c) states in relevant part as follows:

Operation. Minority group members and women relied upon for certification must make day-to-day decisions concerning the operation of the business enterprise for which certification is sought. The division shall evaluate whether minority group members or women operate a business enterprise for which certification is sought based upon the following criteria:

(1) Competence in the industry. Minority group members and women relied upon for certification must possess adequate, industry-specific competence to make critical business decisions without relying upon other persons. This requirement cannot be satisfied by expertise or experience in office management or general business administration, among other things. In evaluating whether a minority group member or woman possesses adequate, industry-specific competence, the division shall consider factors, including, but not limited to:

- (i) Whether individuals employed by the business enterprise for which certification is sought are required to obtain licenses or certifications to provide products or services to the clients of the business enterprise;
- (ii) The extent to which academic credentials exist for persons employed in the industry; and
- (iii) The extent to which industry-specific expertise may be obtained via direct work experience.

(2) Operational decisions. Minority group members and women relied upon for certification must make operational decisions on a day-to-day basis with respect to the functions of the business enterprise for which certification is sought. The critical functions of a business enterprise shall be determined by the division based upon the following factors, but is not limited to:

- (i) The products or services the business enterprise provides to clients; and
- (ii) The means by which the business enterprise obtains contracts or orders.

5 NYCRR §144.2(d) states in relevant part as follows:

Control. Minority group members or women relied upon for certification must have the power to control the business enterprise for which certification is sought. The division shall assess whether minority group members and women possess such control based upon the following criteria:

...(2) Control of business negotiations. Minority group members and women relied upon for certification must negotiate business contracts and represent

themselves to clients as the principals of business entities for which certification is sought, as demonstrated by fully executed business agreements.

5 NYCRR §144.2(e) states as follows:

Independence. Business enterprises for which certification is sought must operate independently. In order to determine whether such business enterprises operate independently, the division shall consider but not be limited to the following criteria:

- (1) Whether the business enterprise shares resources with another entity, including, but not limited to, personnel, equipment, office space, warehouse and other storage space, and yard space;
- (2) Whether the business enterprise transacts business primarily with one other entity; and
- (3) Whether the business enterprise receives tangible benefits as a result of a connection to another entity, and whether such benefits are consistent with standard industry practices.

### **STANDARD OF REVIEW**

On this administrative appeal, applicant bears the burden of proof to establish that Division staff's determination to deny the application filed by CLS for certification as a WBE is not supported by substantial evidence (see State Administrative Procedure Act § 306[1]). The substantial evidence standard "demands only that a given inference is reasonable and plausible, not necessarily the most probable," and applicant must demonstrate that Division staff's conclusions and factual determinations are not supported by "such relevant proof as a reasonable mind may accept as adequate to support a conclusion or ultimate fact." (*Matter of Ridge Rd. Fire Dist. v Schiano*, 16 NY3d 494, 499 [2011]).

The review is limited to such information that was before the division at the time of the denial determination (5 NYCRR 145.2(b)(1)). Evidence that seeks to clarify and explain previously submitted materials will be considered; however, new evidence will not be considered. *See Scherzi Systems, LLC v. White*, 197 A.D.3d 1466 (3d Dept 2021).

## DISCUSSION

### I. Operation

The Division found that the woman-owner does not possess adequate, industry-specific competence to make critical business decisions without relying upon other persons, as required by 5 NYCRR §144.2(c)(1). In *C.W. Brown, Inc. v. Canton*, 216 A.D.2d 841 (3d Dept 1995), the Court affirmed the denial where the woman-owner had no training or experience in the industry, nor could she specify the “working knowledge” necessary to review the estimates made by or evaluate the work of more experienced employees. 5 NYCRR §144.2(c)(1) states that “this requirement cannot be satisfied by expertise or experience in office management or general business administration, among other things”.

Cynthia Serrante is responsible for overall management, “including policies, business operations, project management, vendor management, human resources, accounting systems and financial performance.” “Over her 20-year career, Cynthia managed and refined the office operations for two emerging construction firms before forming CLS Project Solutions, Inc.” She listed her skills as an office manager/full charge bookkeeper, whose responsibilities included weekly payroll, accounts receivable/payable, credit and collections, statement billing, expense control, account management, human resources management, staff training and supervision and customer services/client relations. She holds a bachelor’s degree in management information systems. (DED Exhibits 5 and 6) “Cynthia Serrante oversees the overall management of CLS, Inc., ensuring alignment with company policies, business operations, and strategic goals. Her responsibilities include project management, vendor management, human resources, accounting systems, and financial performance.” (DED Exhibit 7)

Louis Serrante is the co-founder and president of CLS. His responsibilities “range from project evaluations, estimating, technical review, project management, engineering, architectural

support, and overall financial and operational oversight of the company. Over his 33+ year career in General Contracting, Construction Management and Field Operations, Louis has successfully completed over \$ [REDACTED] in construction projects.” He holds an associate degree in construction technology. He is “responsible for the day-to-day field operations, establishing procedures, technical review, engineering, and architectural support. Oversee all project management and evaluation.” (DED Exhibits 7, 8 and 9)

Michael Serrante, the Vice President of Operations, “leads the management of client, vendor, and team relationships. He organizes and monitors project statuses to ensure client satisfaction and coordinates staffing for new opportunities. Additionally, he contributes to estimating and business development efforts...” (DED Exhibit 7)

John Grillo, the Chief Operating Officer, “oversees and coordinates all project management and field procedures for CLS, Inc., ensuring projects are executed efficiently and effectively.” He holds an associate degree in construction technology. (DED Exhibits 7 and 10)

Cynthia Serrante does not have any industry-specific expertise; her skills are related to general business and office management, including payroll, financial decisions, bonding, insurance, hiring and firing, and purchasing equipment. Her responsibilities include “project management, vendor management, human resources, accounting systems and financial performance. (DED Exhibit 7) She does not have any academic credentials or training relevant to the critical functions of the business, which are general construction, construction management and design-build services. (DED Exhibits 1 and 6) She therefore must rely on other individuals regarding the core revenue generating functions of the business. (DED Exhibits 1, 7-10)

Applicant argues on appeal that “Beyond ownership on paper, I maintain absolute authority over the direction and operations of CLS. I personally manage executive decisions, client

relationships, financial oversight, human resources, compliance, and strategic planning... In addition, I have spearheaded several foundational initiatives that have shaped CLS' long-term success. These include the establishment of internal corporate governance practices, hiring and developing internal staff, implementing compliance systems, and overseeing the company's multi-year growth strategy." (APP Exhibit A) However, these are general business administrative duties which do not demonstrate experience or training in general construction, construction management or design-build services. (5 NYCRR §144.2(c)(1))

The Division's determination to deny the application on the basis that CLS failed to demonstrate that Cynthia Serrante possesses adequate, industry-specific competence to make critical business decisions without relying upon other persons, as required under 5 NYCRR §144.2(c)(1), is supported by substantial evidence.

The Division also found that the woman-owner did not make operational decisions on a day-to-day basis with respect to the critical functions of the business, as required by 5 NYCRR §144.2(c)(2). The regulation states that "The critical functions of a business enterprise shall be determined by the division based upon the following factors, but is not limited to: (i) the products or services the business enterprise provides to clients; and (ii) the means by which the business enterprise obtains contracts or orders". The woman-owner "must exercise independent operational control over the core functions of the business in order to establish the requisite control for WBE certification". See *J.C. Smith, Inc. v. New York State Department of Economic Development*, 163 A.D.3d, 1517 (4th Dept. 2018).

Cynthia Serrante is jointly responsible with others for financial decisions, negotiating bonding, negotiating insurance, marketing and sales, hiring and firing, managing and signing payroll, and as a signatory for business accounts. John Grillo, Michael Serrante and Thomas

Sinclair are responsible for bidding. John Grillo is responsible for supervising field operations. Thomas Sinclair is responsible for estimating. Louis Serrante and Michael Serrante are responsible for negotiating contracts. (DED Exhibit 1) Robert Zgorzynski is the Senior Project Manager and is responsible for directing and managing construction projects of all sizes and complexity. (DED Exhibit 7)

When asked during her interview with the Division what her direct role was in the consulting and actual construction and whether she had a role on the job site, Ms. Serrante admitted that she had no role replying, “Not on the job site. No, not on the job sites, more in the planning process.” (DED Exhibit 17)

Cynthia Serrante does not perform the work or supervise the work in the field. The bidding, supervising operations, estimating and negotiating contracts are done by non-qualifying employees. (DED Exhibit 1) Accordingly, Cynthia Serrante does not maintain independent operational control over the core functions of the business. See *Panko Elec. & Maintenance Corp. v. Zapata*, 172 A.D.3d 1682 (2019)

On appeal, Cynthia Serrante submitted a corporate organizational chart dated May 2025, a project matrix, and a statement of authority dated June 13, 2025. These are new documents which were not before the Division at the time of the application and therefore will not be considered. See *Scherzi Systems, LLC v. White*, 197 A.D.3d 1466 (3d Dept 2021).

The Division’s determination to deny the application on the basis that CLS failed to demonstrate that Cynthia Serrante makes operational decisions on a day-to-day basis with respect to the critical functions of the business, as required under 5 NYCRR §144.2(c)(2), is supported by substantial evidence.

## II. Control

The Division also found that Cynthia Serrante does not negotiate business contracts and represent herself to clients as the principal of the business, as demonstrated by fully executed business agreements, as required under 5 NYCRR §144.2(d)(2). Signing contracts demonstrates that a woman-owner exercises appropriate control over a business enterprise with respect to business negotiations. See *Matter of Darr Construction Equipment Corp.*, Recommended Order dated August 30, 2022, Final Order 22-11 dated November 7, 2022.

Louis Serrante and Michael Serrante are responsible for negotiating contracts. (DED Exhibit 1) Michael Serrante signed every contract and lease submitted with the application. (DED Exhibits 13-16 and 20) Cynthia Serrante stated that her son Michael Serrante was the company's point person for contract negotiations and that he signed every contract and lease submitted with the application. (DED Exhibit 17)

Cynthia Serrante stated on appeal in a statement of authority that she delegates some administrative contract signings to other employees. (APP Exhibit A) As stated above, this is new information which was not part of the application and therefore will not be considered. See *Scherzi Systems, LLC v. White*, 197 A.D.3d 1466 (3d Dept 2021).

The Division's determination to deny the application on the basis that CLS failed to demonstrate that Cynthia Serrante negotiates business contracts and represents herself to clients as the principal of the business, as demonstrated by fully executed business agreements, as required under 5 NYCRR §144.2(d)(2) is supported by substantial evidence.

## III. Independence

The Division further found that CLS is not an independent business enterprise, as required under 5 NYCRR §144.2(e). This section considers "Whether the business enterprise shares

resources with another entity, including, but not limited to, personnel, office space, warehouse and other storage space, and yard space” 5 NYCRR §144.2(e)(1), “Whether the business enterprise transacts business primarily with one other entity” 5 NYCRR §144.2(e)(2) ; and “Whether the business enterprise receives tangible benefits as a result of a connection to another entity...”. 5 NYCRR §144.2(e)(3).

. “John Grillo, through his personal LLC, STPZ, serves as Chief Operating Officer (COO) of CLS Project Solutions, Inc. In this capacity, STPZ operates under a consulting agreement with CLS Project Solutions, providing strategic operational leadership and oversight. STPZ as a separate legal entity, receives an annual IRS Form 1099 for consulting services rendered to CLS Project Solutions, reflecting its independent contractor status... This setup allows CLS Project Solutions to benefit from Mr. Grillo’s extensive experience while maintaining a flexible and compliant management model.” (DED Exhibit 7) “Technically he’s involved in every little detail. He’s at the site. He’s planning. So, John is probably the most involved. He runs the field operation.” (DED Exhibit 17)

As a licensed general contractor, CLS operates under a business model that allows for the strategic use of subcontracted labor. (APP Exhibit A) Accordingly, CLS paid subcontractors \$██████████ in 2022, representing 44.4% of gross earnings of \$██████████. CLS paid subcontractors \$██████████ in 2023, substantially exceeding its gross earnings of \$██████████. (DED Exhibits 21 and 22) The business subcontracts “mostly everything it does in the field unless there is a labor requirement that requires union labor to be on the job.” (DED Exhibit 17)

CLS subcontracts its full-time COO position to John Grillo’s company, STPZ (DED Exhibits 7 and 18) CLS’s website states that Mr. Grillo is responsible for coordinating and overseeing all project management and field operation procedures. (DED Exhibit 10)

CLS shares employees with STPZ and the companies it subcontracts its work out to. CLS relies on Mr. Grillo to direct field operations. CLS therefore does not operate independently. See *Matter of Overlook Services, Inc.*, Recommended Order dated October 3, 2024, Final Order 24-12, dated December 16, 2024; *Matter of AJ Nesti*, Recommended Order dated January 12, 2024, Final Order 24-02, dated February 22, 2024 (applicant denied certification where company subcontracted all of its labor and relied primarily on one subcontractor to perform the core functions of the business).

The Division's determination to deny the application on the basis that CLS failed to demonstrate that the business is an independent enterprise, as required under 5 NYCRR §144.2(e), is supported by substantial evidence.

### **CONCLUSION**

CLS did not meet its burden to demonstrate that the Division's determination to deny its application for certification as a woman-owned business enterprise with respect to the eligibility criteria at 5 NYCRR §§144.2(c)(1), 144.2(c)(2), 144.2(d)(2), and 144.2(e), was not based on substantial evidence.

### **RECOMMENDATION**

For the reasons set forth above, I recommend that the Director affirm the Division's determination to deny CLS's application for certification as a woman-owned business enterprise.

In the Matter of CLS Project Solutions, Inc.  
DED File ID No. 68421  
Exhibit Chart

Exhibit #	Description of the Exhibits	Offered (Yes/No)	Admitted (Yes/No)
APP A	Appeal Submission	Y	Y
DED 1	Application for Certification	Y	Y
DED 2	Denial Letter	Y	Y
DED 3	Request to Appeal	Y	Y
DED 4	Notice to Proceed via Written Appeal	Y	Y
DED 5	Cynthia Serrante's website bio	Y	Y
DED 6	Cynthia Serrante's resume	Y	Y
DED 7	Narrative provided by Cynthia Serrante	Y	Y
DED 8	Louis Serrante's website bio	Y	Y
DED 9	Louis Serrante's resume	Y	Y
DED 10	John Grillo's website bio and resume	Y	Y
DED 11	Michael Serrante's website bio	Y	Y
DED 12	Michael Serrante's resume	Y	Y
DED 13	CLS contract with State University Construction Fund dated January 18, 2023	Y	Y
DED 14	CLS contract with State University Construction Fund dated June 14, 2023	Y	Y
DED 15	CLS contract with CUNY Lehman College dated March 5, 2024	Y	Y
DED 16	Subcontractor agreements with MME Construction and Whitestone Associates, Inc.	Y	Y

DED 17	Appellant's Zoom interview	Y	Y
DED 18	1099 Forms	Y	Y
DED 19	Home Improvement Contractor Licenses issued by N.J. and NYC	Y	Y
DED 20	Lease	Y	Y
DED 21	CLS Business Tax Return 2022	Y	Y
DED 22	CLS Business Tax Return 2023	Y	Y