



U.S. Department of Transportation  
Office of Inspector General

## Fraud Awareness

Todd A. Damiani  
Special Agent-in-Charge

617-494-2240  
[todd.damiani@oig.dot.gov](mailto:todd.damiani@oig.dot.gov)





# Who is this Guy??

- Special Agent w/ DOT-OIG for 18
- 10 years working Connecticut
- ASAC 2013 – New England
- SAC January 2015 – New England Region
- SAC June 2018 – Southern Region



## REGION 1

CT, MA, ME, RI, VT, NH, NY

## REGION 2

NY, NJ, PA, DE

## REGION 3

Washington DC, MD, VA, WV, NC

## REGION 4

FL, GA, SC, AL, MS, LA, TN

including Puerto Rico, and Virgin Islands

## REGION 5

MO, KY, IL, IN, OH, MI, WI, MN, IA, ND, SD

## REGION 6

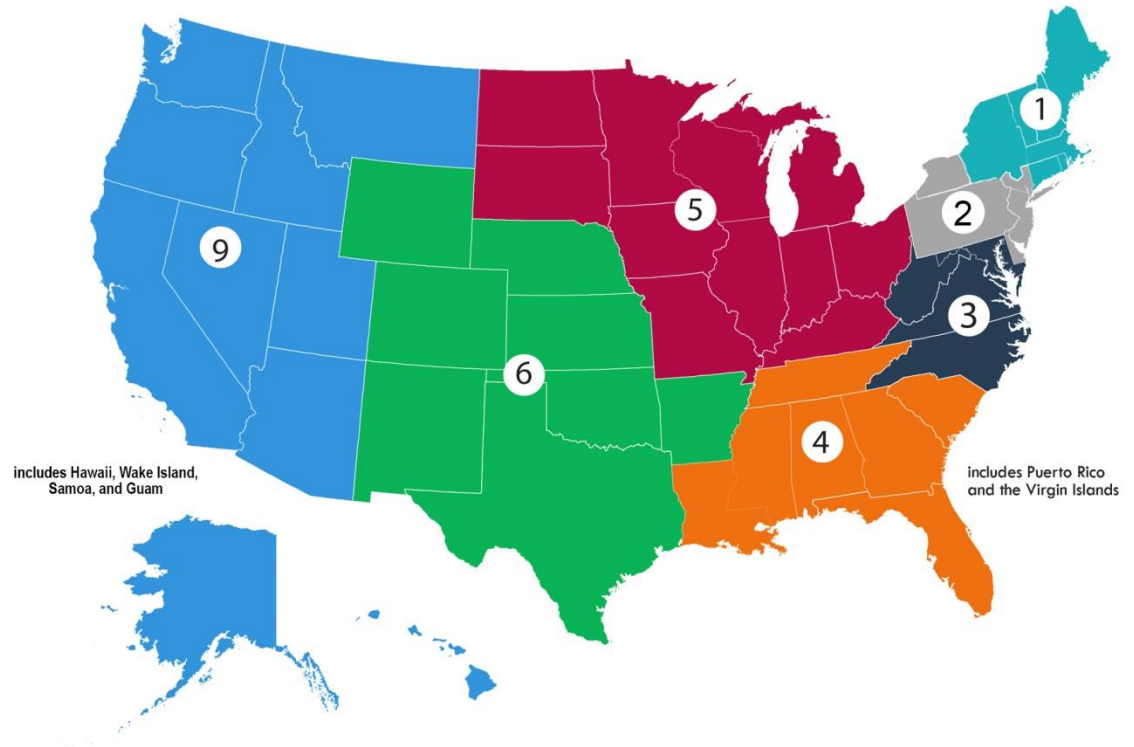
TX, NM, OK, AR, CO, NE, WY, KS

## REGION 9

CA, AZ, UT, NV, OR, ID, WA, MT, AK, HI

including Wake Island, Samoa, and Guam

# OFFICE OF INVESTIGATIONS REGIONS



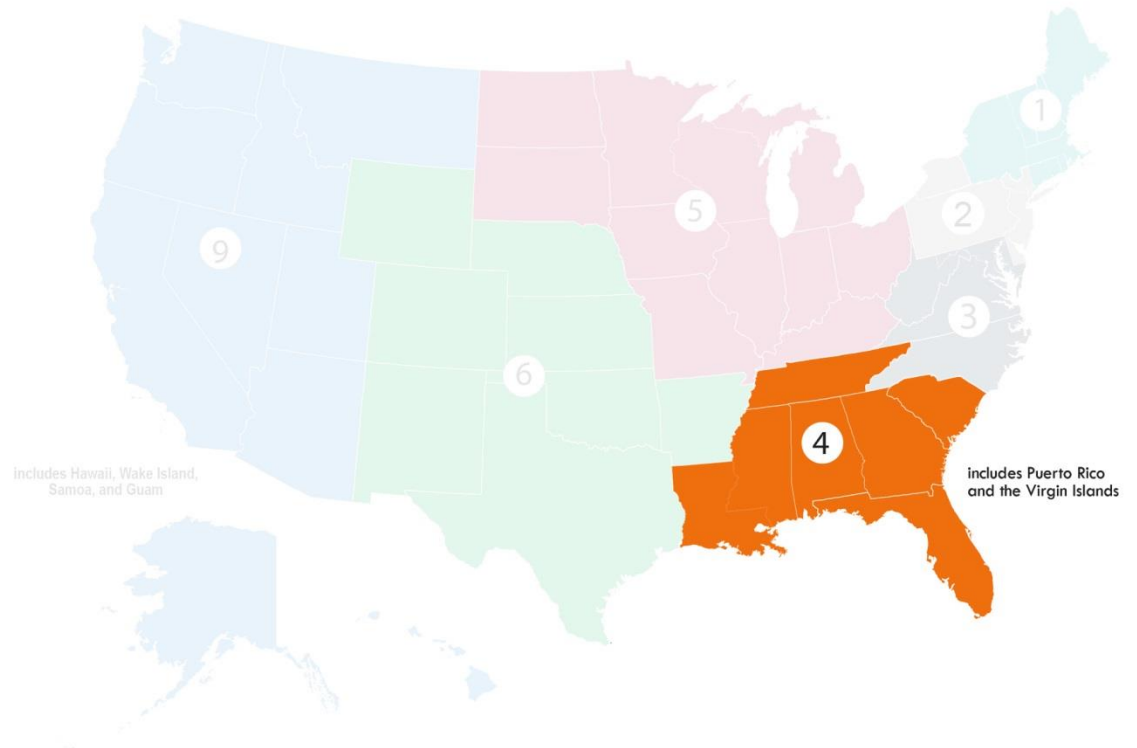


## REGION 4

FL, GA, SC, AL, MS, LA, TN

including Puerto Rico, and Virgin Islands

## REGION 4





# U.S. DOT/OIG Special Agents

## **Southern Region**

11 Special Agents covering:

Tennessee  
Georgia  
Alabama  
Mississippi  
Louisiana  
South Carolina  
Florida  
Puerto Rico & Virgin Islands

ASAC in Atlanta, GA  
ASAC in Sunrise, FL



# U.S. DOT/OIG Special Agents

## **Federal Law Enforcement Officers**

### **Authorized and trained to:**

- **Make Arrests**
- **Carry Firearm**
- **Surveillance**
- **Search Warrants**
- **Interviews**
- **Monitored Telephone Calls**





# U.S. DOT/OIG Special Agents

**Investigations of allegations,  
that a person or entity has engaged in,  
fraudulent or other criminal activity,  
relating to the programs and operations of the Department  
or its operating administrations**



# U.S. DOT/OIG INVESTIGATIONS

- Must have some federal connection – funding or subject to DOT oversight
- Priorities – Transportation Safety, **Contract and Grant Fraud**, Consumer Protection
- Criminal, Civil, Administrative





# U.S. DOT/OIG Special Agents

- Conduct independent investigations based on allegations received through various means:
  - Hotline Complaints
  - Congressional Inquiries & Requests
  - **Coordination with DOT employees**
  - Qui Tams, Media Reports, Other



# U.S. DOT/OIG Special Agents

- Work with local government, U.S. DOT, FHWA, FTA, FRA, NHTSA, etc.
- Law Enforcement: FBI, Labor-OIG, IRS-CI, Education-OIG, EPA-CI, Postal Service, Secret Service, etc,



# WHY SHOULD YOU CARE?

PROTECTING PEOPLE PROTECTING RESOURCES



# WHY SHOULD YOU CARE?

- Federal/State/Local employees are essential when it comes to detecting allegations of fraud.
- You are the first line of defense and detection.
- You are the experts



# The Process:

## Referral-Investigation- Prosecution







# *Offenses Investigated by OIG*

- Bribery
- False Statements
- Wire Fraud
- Theft (Fed Program)
- False Claims
- Product Substitution
- SUPs
- Other







# *False Statements*

- Any Statement Within the Jurisdiction of the Government Which Contains Any False, Fictitious, or Fraudulent Representation





# *False Claims*

- Make Any False, Fictitious, or Fraudulent Claim Against the United States
- Typically in the form of invoices or requests for reimbursements





# MATERIAL OVERCHARGING

- Over runs, Change Orders, 10%?
- Labor rates and categories
- Buy America





# Labor Rates

- Global sized Consulting Firm in CT
- Design charges on multi-contract project, contingency account abuse
- Construction Inspection Services, rate caps





# Labor Rates

## ATTACHMENT "A" Fully Burdened Firm-Fixed Hourly Rates

The Offeror shall indicate the "fully burdened firm-fixed hourly rates" (\$/HR) that shall apply to the following positions. The fully burdened rates shall be firm-fixed by calendar year, and shall not be subject to escalation throughout the Contract Period of Performance specified herein. The Attachment "A" labor Rates shall reflect a cap or maximum fully burdened labor rate per hour for each specified work classification. The Contractor shall subsequently bill the appropriate fully burdened actual rate for the employee performing the work, up to the cap or maximum amount shown on the Attachment "A". **"The following Labor Rates will apply to work performed at anytime during a 24 hour / 7 day work week period. Overtime will not be paid by Amtrak."**

### Fully Burdened Firm Fixed Hourly Rates (\$/HR)

POSITION	CY2007	CY2008	CY2009	CY2010	CY2011	CY2012
**Resident Engineer	\$ \$160.34	\$ \$166.76	\$ \$170.86	\$ \$176.84	\$ \$183.03	\$ \$189.44
**Office Engineer	\$ \$96.67	\$ \$100.53	\$ \$103.01	\$ \$106.61	\$ \$110.35	\$ \$114.21
Asst. Resident Engineer	\$ \$107.85	\$ \$112.16	\$ \$114.92	\$ \$118.94	\$ \$123.11	\$ \$127.42
Senior Engineer	\$ \$167.75	\$ \$174.46	\$ \$181.44	\$ \$187.79	\$ \$194.36	\$ \$201.16
Engineer	\$	\$	\$	\$	\$	\$
Estimator Mechanical	\$	\$	\$	\$	\$	\$
Estimator Electrical	\$	\$	\$	\$	\$	\$
Estimator Civil	\$	\$	\$	\$	\$	\$
QC-Inspector-Elect	\$ \$159.50	\$ \$165.88	\$ \$172.52	\$ \$178.55	\$ \$184.80	\$ \$191.27
QC Inspector-Mech	\$ \$167.75	\$ \$174.46	\$ \$181.44	\$ \$187.79	\$ \$194.36	\$ \$201.16
QC Inspector Structural	\$	\$	\$	\$	\$	\$
QC Inspector Civil	\$	\$	\$	\$	\$	\$
Geotechnical Engr	\$ \$150.00	\$ \$155.25	\$ \$160.68	\$ \$166.31	\$ \$172.13	\$ \$178.15
Clerical Support	\$ \$52.62	\$ \$54.47	\$ \$56.37	\$ \$58.35	\$ \$60.39	\$ \$62.50
Steel Inspector	\$ \$126.50	\$ \$131.56	\$ \$136.82	\$ \$141.61	\$ \$146.57	\$ \$151.70
Safety Engineer	\$ \$126.50	\$ \$131.56	\$ \$136.82	\$ \$141.61	\$ \$146.57	\$ \$151.70
Scheduler	\$ \$126.19	\$ \$130.61	\$ \$135.18	\$ \$139.91	\$ \$144.81	\$ \$149.88
OCS Inspector	\$	\$	\$	\$	\$	\$
Track Inspector	\$ \$71.88	\$ \$74.76	\$ \$76.60	\$ \$79.28	\$ \$82.05	\$ \$84.92
***Senior Field Inspector	\$ \$84.92	\$ \$88.31	\$ \$90.49	\$ \$93.66	\$ \$96.93	\$ \$100.33
***Chief Inspector	\$ \$111.54	\$ \$116.00	\$ \$118.86	\$ \$123.02	\$ \$127.32	\$ \$131.78
***C&S Engineer	\$ \$179.27	\$ \$186.44	\$ \$193.90	\$ \$200.69	\$ \$207.71	\$ \$214.98
***Project Manager	\$ \$209.69	\$ \$218.08	\$ \$226.80	\$ \$234.74	\$ \$242.95	\$ \$251.45
***Assist. Project Manager	\$ \$112.75	\$ \$117.26	\$ \$121.95	\$ \$126.22	\$ \$130.64	\$ \$135.21
***Party Chief-Garg	\$ \$76.35	\$ \$79.02	\$ \$81.79	\$ \$84.65	\$ \$87.61	\$ \$90.68
***Instrument Person-Garg	\$ \$55.53	\$ \$57.47	\$ \$59.48	\$ \$61.56	\$ \$63.72	\$ \$65.95
***Field Inspector-Garg	\$ \$71.72	\$ \$74.23	\$ \$76.83	\$ \$79.52	\$ \$82.30	\$ \$85.18
***Project Manager-MRCE	\$ \$207.00	\$ \$214.24	\$ \$221.74	\$ \$229.50	\$ \$237.54	\$ \$245.85
***Partner-MRCE	\$ \$275.00	\$ \$284.62	\$ \$294.59	\$ \$304.90	\$ \$315.57	\$ \$326.61
***Geotech. Inspector-MRCE	\$ \$110.00	\$ \$113.85	\$ \$117.83	\$ \$121.96	\$ \$126.23	\$ \$130.65

"Fully Burdened Hourly Rates" shall be defined as follows:

Base Hourly Rate X (Statutory+Fringes) % X Overhead % X Profit % = Fully Burdened Rate

Disclosed Statutory + Fringes, Overhead & Profit % Included in the above Fully-Burdened Rates:

\*\*\*a) Statutory+Fringes:51.11% b) Overhead:74.22% c) Profit:10.00%

Above Percent Labor Rate Escalation in CY08 4%, CY09 4%, CY10 3.5%, CY11 3.5%, CY12 3.5%



# MATERIAL OVERCHARGING

- False Statement = time sheets submitted, certifications that contract specifications being met
- False Claim = progress payment request for services





# MATERIAL OVERCHARGING

URS Corporation AES to Pay \$580K to Resolve Allegations it Overcharged on Niantic R... Page 1 of 2

United States Department of Justice

THE UNITED STATES ATTORNEY'S OFFICE  
DISTRICT *of* CONNECTICUT

[U.S. Attorneys » District of Connecticut » News And Press Releases](#)

Department of Justice  
U.S. Attorney's Office  
District of Connecticut

FOR IMMEDIATE RELEASE

Wednesday, March 2, 2016

## URS Corporation AES to Pay \$580K to Resolve Allegations it Overcharged on Niantic River Bridge Contract

Deirdre M. Daly, United States Attorney for the District of Connecticut, today announced that URS CORPORATION AES ("URS") has entered into a civil settlement agreement with the federal government in which URS will pay \$580,000 to resolve allegations that the Rocky Hill-based construction company violated the federal False Claims Act and the common law in overbilling the federal government on a bridge reconstruction project in Niantic that was funded by the National Railroad Passenger Corporation ("Amtrak").

In 2007, Amtrak awarded a contract to Washington Group, International, Inc. ("WGI") to provide construction management services for the replacement of the Niantic River rail bridge. WGI was acquired by URS in 2008, and URS assumed responsibility for the contract. The contract provided that the construction management company would be compensated for its services according to a specific pricing schedule that was incorporated into the contract. The pricing schedule stated that labor efforts pursuant to the contract would be paid at the fixed labor rates listed in an attachment to the pricing schedule. The attachment, in turn, provided that the labor rates were maximum rates per hour for each employee work classification and that the contractor should bill the appropriate rate for each employee up to the maximum rate contained in the attachment.

The federal government contends that in most instances during the time that URS provided construction management services for the bridge reconstruction project, the company charged the maximum labor rates, rather than the actual labor rates, for the employee positions listed on the attachment to the pricing schedule and, as a result, that the federal government was overbilled.

"Federal contractors must abide by the billing requirements set forth in government contracts so that taxpayer dollars are not wasted," stated U.S. Attorney Daly. "I thank Amtrak OIG and the



# Product Substitution

- Contractor misrepresents the product used in order to reduce costs
- Goods and Services Must Conform to the Quality and Quantity Required by the Contract



# Catch Me If You Can

- Audit of ARRA Projects by ConnDOT
- New Consultant Resident Engineer
- Personnel File Missing
- Referred to OIG...



# The University of Vermont

Burlington, Vermont

To all persons be it known that

**Barry Kenneth Purnell Jr.**

completed the prescribed studies to satisfy the requirements for

the degree of

**Bachelor of Science**

**in Civil Engineering Management**

with all the rights and privileges appertaining thereto. In witness thereof, this diploma duly signed has been issued by the Board of Trustees upon recommendation of the Faculty of the University College of Engineering & Mathematics.

Given this 22<sup>nd</sup> day of May 2002 AD.

Bruce Lisman

Chairman of Board of Trustees

Dean of the College of Engineering & Mathematics

Dr. David M. Fogal

President of the University



# Catch Me If You Can

- Charged with Larceny (State, False Statements)



- Consultant agreeing to Civil Fine (Federal, False Claim) \$\$\$\$\$



# Product Substitution

## Vermont Bridge

- **May 2015 – OIG contacted by the Vermont Agency of Transportation (VTRANS)**
- **J. A. McDonald, Inc. had been hired to conduct the complete removal of a bridge and construct a new two span bridge in Bristol, VT on Route 116.**
- **The project required all bolts installed in the bridge girder bearings to be twenty-two inches in length including a minimum embedment in the concrete of eighteen inches.**
- **Former J.A. McDonald employee informed VTRANS that J.A. McDonald employees cut bolts to the length that they could embed them. This took place in multiple locations.**
- **Former employee indicated that they saw fourteen inch (14") lengths of bolt lying on the ground that had been cut off.**
- **The former employee also said that the foreman was aware of the situation and would yell to the crew to stop if an inspector was approaching.**





# Product Substitution

## Vermont Bridge

- VTRANS hired a company to conduct an evaluation of bearing anchor bolt embedment depths on the bridge.
- In July 2015 ultrasonic testing was performed on forty-eight bolts. The testing indicated that none of the bolts fulfilled the project requirements.



# Product Substitution

## Vermont Contractor Agrees to Civil Settlement

On August 17, 2017, J.A. McDonald (JAM), a Vermont-based corporation, and its owner, Eric Boyden, reached an agreement with the United States to pay \$270,000 to settle allegations that JAM knowingly caused the State of Vermont to present false claims for payment to the Federal Government.



# Product Substitution

J.A. McDonald, Inc. and Owner Eric Boyden Pay \$270,000 to Settle Allegations of False ... Page 1 of 2

United States Department of Justice

THE UNITED STATES ATTORNEY'S OFFICE  
DISTRICT OF VERMONT

[U.S. Attorneys » District of Vermont » News](#)

Department of Justice  
U.S. Attorney's Office  
District of Vermont

FOR IMMEDIATE RELEASE

Thursday, September 28, 2017

## J.A. McDonald, Inc. and Owner Eric Boyden Pay \$270,000 to Settle Allegations of False Claims Act Violations Arising From Bridge Construction

The United States Attorney's Office for the District of Vermont announced today that general contractor J.A. McDonald, Inc. ("JAM"), headquartered in Lyndon Center, Vermont, and JAM owner and president, Eric Boyden, have paid \$270,000 to the United States to resolve allegations that JAM violated the federal False Claims Act, 31 U.S.C. § 3729, and the Vermont False Claims Act, 32 V.S.A. 631, by knowingly causing the State of Vermont to present false claims for payment to the United States in connection with the federally-funded construction of a two-span bridge on Vermont Route 116 in Bristol, Vermont.

More specifically, the settlement resolves allegations that JAM employees intentionally altered critical bridge components such that the bridge no longer conformed to specified safety standards, and that JAM employees took affirmative steps to conceal such alterations from the Vermont Agency of Transportation ("VTrans"). As a result of the alleged cover-up, VTrans unwittingly paid JAM for deficient bridge work and in turn presented a number of false claims to the Federal Highway Administration ("FHWA") for the reimbursement of the federal share of amounts paid to JAM.

In cooperation with federal and state authorities, JAM has since replaced the allegedly-deficient bridge components at its own cost and under the supervision of VTrans inspectors. JAM has also terminated its employment of two employees who allegedly directed the foregoing scheme.

"As exemplified by this settlement, contractors who cut corners on taxpayer-funded projects will face serious consequences," said Acting United States Attorney Eugenia A.P. Cowles. "We will not hesitate to aggressively pursue and hold accountable those who knowingly or recklessly bill the government for faulty goods or services, particularly where public safety is a concern."

<https://www.justice.gov/usao-vt/pr/ja-mcdonald-inc-and-owner-eric-boyden-pay-270000-s...> 9/29/2017

PROTECTING PEOPLE PRO

5/9/2017 Cardi Corp. to Pay \$500,000 Civil Settlement to Resolve Federal Claims of Improper Installation of I-Way Crash Railing | USAO-RI | Department of Justice

United States Department of Justice

THE UNITED STATES ATTORNEY'S OFFICE  
DISTRICT OF RHODE ISLAND

[U.S. Attorneys » District of Rhode Island » News](#)

Department of Justice  
U.S. Attorney's Office  
District of Rhode Island

FOR IMMEDIATE RELEASE

Monday, April 17, 2017

## Cardi Corp. to Pay \$500,000 Civil Settlement to Resolve Federal Claims of Improper Installation of I-Way Crash Railing

PROVIDENCE – Acting United States Attorney Stephen G. Dambruch and Todd A. Damiani, Special Agent-in-Charge of the Region One Office of Inspector General for the U.S. Department of Transportation, today announced that Cardi Corporation, the primary contractor responsible for construction of the I-195 I-way project and the Providence River Bridge, will pay \$500,000 to resolve the federal government's claims that in 2007 Cardi Corporation improperly installed a crash railing on the I-195 I-Way bridge and its approach.

An investigation by the United States Attorney's Office and the Region One Office of Inspector General for the U.S. Department of Transportation concluded that Cardi improperly installed the crash railing by cutting, eliminating, or altering key segments of structural reinforcing steel rebar that was intended to anchor the railing to the bridge. The government alleges that these changes rendered the railing unsafe, inadequate and, unfit for its intended use and/or not in compliance with project specifications.

The railing is a critical part of the safety systems designed to prevent vehicles from veering off the roadway in the event of a crash. In some areas, the rail is all that lies between the roadway and the river below. The defect in the rail, installed in 2007, came to light in 2013 when a vehicle crashed into the railing, prompting further investigation and testing.

Based on the findings of its investigation, the federal government alleges that the rail actually installed by Cardi was materially different from the design specification required by its contract with RIDOT, and from FHWA-mandated safety standards. The federal government, which funded 80% of the cost of the bridge project through the Federal Highway Administration ("FHWA"), alleges that Cardi made these changes to the rail's design without necessary approvals from the Rhode Island Department of Transportation ("RIDOT"), the state agency responsible for overseeing the bridge project.

Under the terms of the civil agreement, Cardi will pay \$500,000 to resolve the federal government's civil claim, which represents a full recovery of FHWA federal funds used for the installation of the rail. The rail in question, which was installed in a section of the bridge project known as Contract 7, has since been replaced with a new design that meets FHWA safety criteria. The federal government did not fund or contribute to any of the costs of this repair.

<https://www.justice.gov/usao-ri/pr/cardi-corp-pay-500000-civil-settlement-resolve-federal-claims-improper-installation-i-way>



# Bribery

- When a government employee agrees to be influenced in the performance of their official duties in exchange for something of value.
- When someone offers a public official something of value in exchange to influence an official act





# Bribery

Korca Enterprises, Incorporated (Korca) was a general freight work motor carrier located in Worcester, Massachusetts

Korca was owned by Irfan Dushku.





# Bribery

- On April 2, 2013, an FMCSA investigator found what appeared to be false driver log book records
- On April 2, 2013, Dushku offered Albisurez \$1,000 if he (Albisurez) did not report CR findings to FMCSA





# Bribery

- On May 15, 2013...
- [BUTTON CAMERA CLIP.wlmp](#)



# Theft From Federal Programs

- When someone embezzles, steals, or obtains by fraud; money or property obtained through a federal program.





# *Wire / Mail Fraud*

- When someone commits a criminal act or furthers a criminal act using the mail or wire (internet, fax, telephone, etc.).





# SRTA

The Southeastern Regional Transit Authority (SRTA) was established in 1974 and provides fixed route and demand response service to residents of Acushnet, Dartmouth, Fairhaven, Fall River, Freetown, Mattapoisett, New Bedford, Somerset, Swansea, and Westport.



# SRTA

Former employee alleged procurement irregularities involving SRTA operator the Union Street Bus .

Allegation indicating Union's owner and other USB staff spend significant time at owner's commercial farm performing work for that business while being paid by USB.

The USB/SRTA contract was cost-reimbursable with a management fee.

Dozens of witnesses were tracked down and interviewed...





# SRTA

- Indicted August 5, 2015
- Union employees worked at the farm while being paid by the bus company
- Utilized bus company vehicles on the farm, purchased cell phones, supplies,
- Used funds to pay for home renovations
- Advised SRTA to limit public advertisement for the SRTA contract bidding process to reduce Union's competition

SEAL

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA : Crim. No. 14-cr- 10231  
v. :  
[REDACTED] : Violations: 18 U.S.C. § 371  
: 18 U.S.C. §§ 666a(1)(A) & 2  
: 18 U.S.C. § 981(a)(1)(C) and  
: 28 U.S.C. § 2461(c)

INDICTMENT

THE GRAND JURY charges:

COUNT ONE  
(Conspiracy to Commit an Offense against the United States - 18 U.S.C. § 371)

Introduction:

i. At all times relevant to this Indictment:

ii. Defendant [REDACTED],  
was a resident of Dartmouth, Massachusetts. Defendant [REDACTED] was the (i) owner of the  
Union Street Bus Company ("USBC"), a bus operating company that managed, operated, and  
maintained public buses in New Bedford and Fall River, among other locations, and that  
employed approximately 50 individuals; and (ii) the operator [REDACTED] (the  
"Farm"), a produce farm in [REDACTED], Massachusetts, which operated a local produce stand and  
distributed its produce in the southeastern Massachusetts area on a seasonal basis from  
approximately March through October. From approximately November through December of  
each year, the Farm sold Christmas trees and wreaths.

h. The Southeastern Regional Transit Authority ("SRTA") was a state  
regional transit authority that provided public transit service for New Bedford, Fall River.



# SRTA

Arrested at his home August 6, 2014

April 2015 – 2 week jury trial

Convicted April 16, 2015- conspiracy & Embezzlement

Case 1:14-cr-10237-DJC Document 130 Filed 07/30/15 Page 1 of 10  
%AO 2478(07-564) (Rev. 06/07) Judgment in a Criminal Case Sheet 1 - D Massachusetts - 10/07

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UNITED STATES DISTRICT COURT  
District of Massachusetts

UNITED STATES OF AMERICA  
V.  
[REDACTED]

JUDGMENT IN A CRIMINAL CASE

Case Number: 1: 14 CR 10237 - 01 - DJC  
USM Number: 96292-038  
William Cintolo, Esq.  
Defender's Attorney

☒ Additional documents attached  
Transcript Excerpt of Sentencing Hearing

☐ THE DEFENDANT:  
☐ pleaded guilty to count(s) \_\_\_\_\_  
☐ pleaded not guilty to count(s) \_\_\_\_\_  
☐ which was accepted by the court.  
☒ was found guilty on count(s) 1, 2  
after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

Title & Section	Nature of Offense	Offense Ended	Count
18 USC §371	Conspiracy to Commit an Offense Against the United States	10/31/11	1
18 USC §666(a)(1)(A)	Embezzlement from an Organization Receiving Federal Funds	10/31/11	2

Additional Counts - See continuation page ☐

The defendant is sentenced as provided in pages 2 through 10 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

☐ The defendant has been found not guilty on count(s) \_\_\_\_\_  
☐ Count(s) \_\_\_\_\_ is ☐ are dismissed on the motion of the United States.

It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of material changes in economic circumstances.

07/29/15  
Date of Imposition of Judgment  
/s/ Denise J. Casper  
Signature of Judge  
Denise J. Casper  
Judge, U.S. District Court  
Name and Title of Judge  
7/30/15  
Date



# SRTA

July 29, 2015 sentenced to:

5 years, 10 months in prison

\$688,000 in restitution

Case 1:14-cr-10237-DJC Document 130 Filed 07/30/15 Page 2 of 10  
\*AO 243B(2)-MAG (Rev. 06/07) Judgment in a Criminal Case (Rev. 2 - U.S. Marshals Service - 10/05)

Judgment -- Page 2 of 12

DEFENDANT: [REDACTED]  
CASE NUMBER: 1:14 CR 10237 - 01 - DJC

**IMPRISONMENT**

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of: 70 month(s).

This term consists of a term of 60 months on Count 1 and a term of 70 months on Count 2, to be served concurrently.

☐ The court makes the following recommendations to the Bureau of Prisons:

☐ The defendant is remanded to the custody of the United States Marshal.

☐ The defendant shall surrender to the United States Marshal for this district:  
☐ at \_\_\_\_\_ a.m. ☐ p.m. on \_\_\_\_\_  
☐ as certified by the United States Marshal.

☒ The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:  
☒ before 2 p.m. on 09-29-15  
☐ as certified by the United States Marshal.  
☐ as certified by the Probation or Pretrial Services Office.

**RETURN**

I have executed this judgment as follows:

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_  
\_\_\_\_\_, with a certified copy of this judgment.

UNITED STATES MARSHAL

By \_\_\_\_\_ DEPUTY UNITED STATES MARSHAL



# TCAT

## TOMPKINS CONSOLIDATED AREA TRANSIT

- TCAT is a not-for-profit corporation that provides public transportation throughout Ithaca and Tompkins County.
- TCAT transports nearly 4 million passengers every year covering a distance of 1.7 million miles with a fleet of 55 buses



# TCAT

- During the ANNUAL FINANCIAL AUDIT the auditors asked the TCAT Controller for the source documents for several transactions
- The Controller tasked the accounts assistant with pulling the invoices
- The Controller could not locate the “Paid” folder in the account assistant’s office, but found the invoice in question in between some other files





# TCAT

Purchase Manager never heard of the vendor listed on the invoice

The invoice was unsigned

No purchase orders for the vendor

Phone number on invoice was bogus

Address for the vendor was bogus



# TCAT

Uh-Oh...



# TCAT

- System reports revealed there were \$248,000 in transactions paid to a vendor nobody has ever heard of.
- Checks to the vendor maintained a “Signature Stamp”
- The Accounts Assistant had a signature stamp for occasions when those with signature authority were not available
- Interviews revealed an unknown vendor, who later turned out to be the defendant’s husband’s company, had been invoiced for years without anybody knowing



# TCAT

- Accounts Assistant was indicted on 2 Grand Larceny charges and 65 counts of falsifying business records
- Plead Guilty
- Sentenced:
  - 90 jays in jail
  - 90 days home confinement
  - \$247,000 in restitution

RECEIVED BY  
TOMPKINS COUNTY  
COURT CLERK'S OFFICE  
2015 JUN 24 PM 12:49

State of New York  
County Court: County of Tompkins  
The People of the State of New York

vs.  
Defendant

Plea Memorandum

Agreed Plea: Defendant will plead guilty to the following:

- Grand Larceny in the second degree in violation of Penal Law 155.40(1), a class C felony, as charged in Count One, which carries a maximum possible period of incarceration of fifteen years.

Sentence Recommendations: The People will recommend the following:

- Incarceration for a term of 6 months plus a concurrent term of probation for 5 years
- Restitution as stated below

Defendant will recommend the following:

- Any lawful sentence.

Restitution: The parties agree to restitution in the following amounts:

- \$247,785.05 to Tompkins Consolidated Area Transit (stolen funds), and
- \$7,200.00 to Tompkins Consolidated Area Transit (attorney's fees) and
- \$29,898.75 to Tompkins Consolidated Area Transit (audit fees).

Defendant agrees that the Court may order restitution in excess of \$15,000.00 (PL 60.27(5)(a)). Defendant has seen proof satisfying her that the victim has been injured in said amounts, and agrees that this plea memorandum constitutes a "statement" within the meaning of CPL 400.30(3) and Penal Law 60.27(2), admitting the amount due. Defendant agrees that the

Index #: CR2014-0096 C  
06/25/2016 09:14:43 AM  
PL-CA MEMORANDUM  
Naureen Heymans, Tompkins

RECEIVED BY  
TOMPKINS COUNTY  
COURT CLERK'S OFFICE  
2015 JUN 24 PM 12:49

State of New York  
County Court: County of Tompkins  
The People of the State of New York

vs.  
Defendant

Plea Memorandum

Agreed Plea: Defendant will plead guilty to the following:

- Grand Larceny in the second degree in violation of Penal Law 155.40(1), a class C felony, as charged in Count One, which carries a maximum possible period of incarceration of fifteen years.

Sentence Recommendations: The People will recommend the following:

- Incarceration for a term of 6 months plus a concurrent term of probation for 5 years
- Restitution as stated below

Defendant will recommend the following:

- Any lawful sentence.

Restitution: The parties agree to restitution in the following amounts:

- \$247,785.05 to Tompkins Consolidated Area Transit (stolen funds), and
- \$7,200.00 to Tompkins Consolidated Area Transit (attorney's fees) and
- \$29,898.75 to Tompkins Consolidated Area Transit (audit fees).

Defendant agrees that the Court may order restitution in excess of \$15,000.00 (PL 60.27(5)(a)). Defendant has seen proof satisfying her that the victim has been injured in said amounts, and agrees that this plea memorandum constitutes a "statement" within the meaning of CPL 400.30(3) and Penal Law 60.27(2), admitting the amount due. Defendant agrees that the

Index #: CR2014-0096 CR2015-0600  
06/25/2016 09:14:43 AM  
PL-CA MEMORANDUM  
Naureen Heymans, Tompkins County Clerk



# DBE FRAUD

- Contractor misrepresents who performed work designated to be performed by DBE
- Front Companies
- DBE works exclusively for prime contractor
- Workers alternate between prime and DBE(s)
- DBE leases equipment from prime
- Not Eligible





# DBE FRAUD

- Small DBE Firm in CT
- Contracted for Large \$\$\$\$
- Resident Engineer Observations
- Referral to DOT, FHWA - OIG



# DBE FRAUD

100045 JFC STEEL CONSTRUCTION, LLC 6-25-09 642322

DATE	DESCRIPTION	AMOUNT	DBE	NON-DBE
5-15-09	PAID TO JFC STEEL CONSTRUCTION, LLC	23,56.00		
5-27-09	PAID TO JFC STEEL CONSTRUCTION, LLC	23,56.00		
5-29-09	PAID TO JFC STEEL CONSTRUCTION, LLC	23,56.00		

642322 608286.38 .00 .00 608286.38

**MB Manafort Brothers** 642322

Pay: \*\*Six hundred eight thousand two hundred eighty six dollars and 38 cents

June 26, 2009 642322 \$\*\*\*608,286.38

JFC STEEL CONSTRUCTION, LLC  
and HIGH STEEL STRUCTURES INC.  
P.O. BOX 488070  
HARTFORD, CT 06120

642322 60413758434 983040.2441

MBI-02843



# DBE FRAUD

Press Release:  
**U.S. Department of Justice**  
*United States Attorney*  
*District of Connecticut*

**CONNECTICUT CONSTRUCTION  
COMPANY AGREES TO PAY  
\$2.4 MILLION, ADMITS MAKING  
FALSE STATEMENTS TO U.S.**



# DBE FRAUD

## WALLACE/ROSCITI

The Connecticut Department of Transportation DBE certification unit reported that Rhode Island based company Wallace Construction had been rejected for DBE status because:

- The 51% majority owner not having control of the company
- The 49% co-owner having little to no construction experience
- Co-owner had strong familial relationships non-DBE construction entities.



# DBE FRAUD

In 2006, the EPA notifies various RI water facilities that they are out of compliance for Lead Service Replacement – contracts were put out quickly and began in 2007 (15 year program)

2006 - Christina Rosciti attempted with Jennifer Rosciti to open King Philip Corp as DBE – MBECO denies certification saying too dependent on Rosciti Construction

Wallace Construction Corp Founded May 2006 Certified as a MBE business

Late 2007, Christina Rosciti buys into Wallace Construction Corp (2 days after MBECO approves expansion of services to included water services)





# DBE FRAUD

Wallace Construction Corp

October 2007 – relocates to King Philip Corp location

Christina Rosciti buys into in November 2007

Addresses:

206 King Philip Street, Providence, RI  
44 Maria Ave, Johnston, RI

Rosciti Construction Company  
Castle Equipment  
South Shore Utility  
Utility Systems Inc  
King Philip Corp

Addresses

44 Maria Ave, Johnston, RI  
123 King Philip Street, Johnston, RI  
206 King Philip Street, Providence, RI

Untitled map

Folder icon

Add layer Saved

Untitled layer ☒

Empty

Untitled layer ☒

Pin icon

Style 

Grid icon

Data 

Pin icon

Labels

Green pin

123 King Philip St

Red pin

206 King Philip St

Purple pin

44 Maria Ave

Base map ☐

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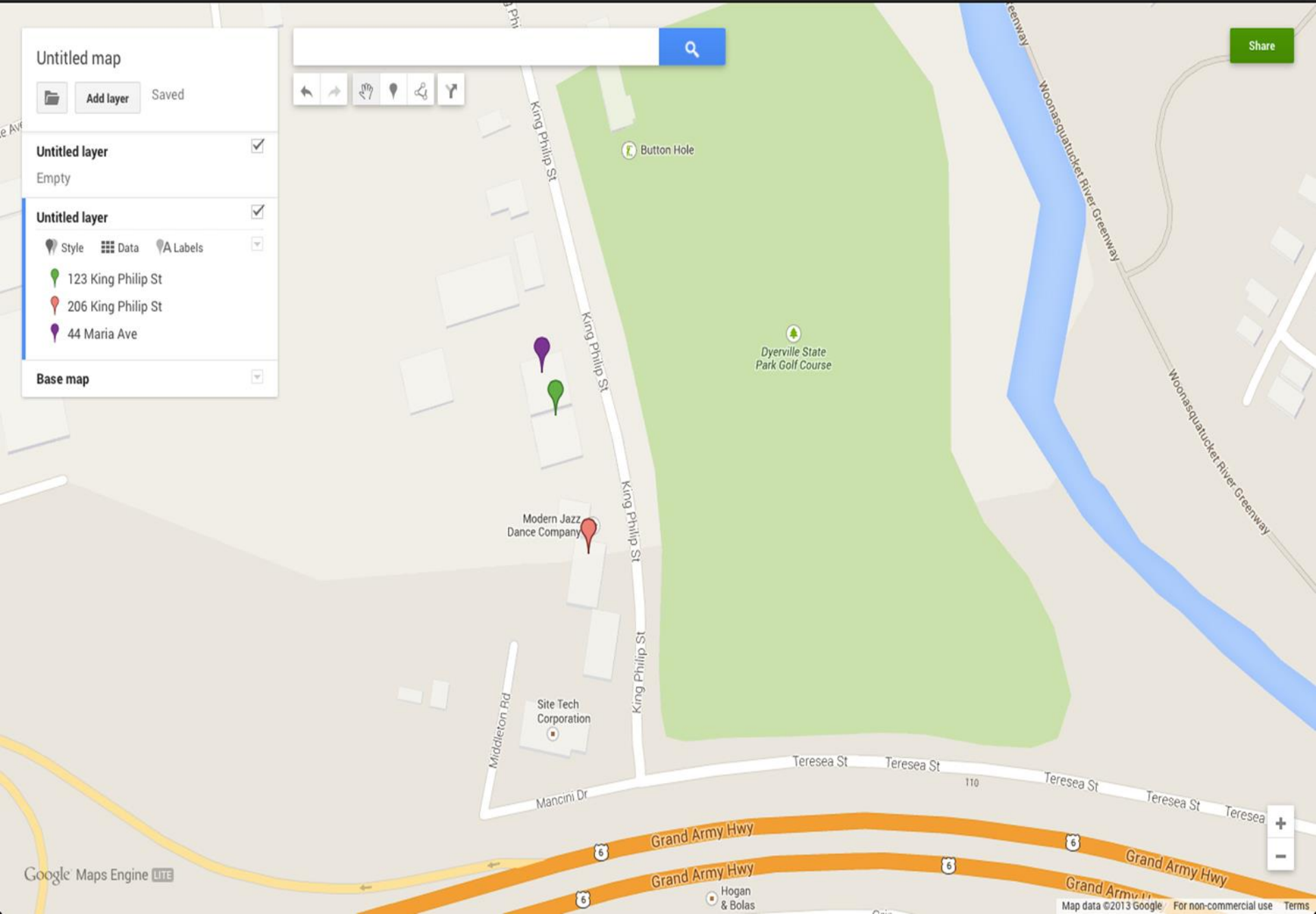
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# DBE FRAUD

Joint Investigation with EPA-OIG, Education-OIG and DOT-OIG

GOV alleged that in the bidding of and subsequent requests for payments on Federal Aid projects Wallace & Rosciti Construction (and affiliated individuals) made material false statements that Wallace was a legitimate DBE



# DBE FRAUD

- U.S. GOV agreed to a Civil Settlement
- Defendants paid \$1M to settle
- False Claims Allegations
- Administrative Agreement



THE UNITED STATES ATTORNEY'S OFFICE  
DISTRICT *of* RHODE ISLAND

[U.S. Attorneys » District of Rhode Island » News](#)

Department of Justice

U.S. Attorney's Office

District of Rhode Island

FOR IMMEDIATE RELEASE

Monday, December 19, 2016

**Construction Companies, Senior Corporate Officers to Pay  
\$1M to Settle False Claims Act Allegations**

**Rosciti Construction, Wallace Construction, four senior officers improperly sought reimbursement of funding reserved for minority-owned and women-owned businesses**

PROVIDENCE – United States Attorney Peter F. Neronha announced today that Rhode Island-based Rosciti Construction Corporation and Wallace Construction Corporation, together with four of the companies' current and former owners and officers, will pay \$1 million dollars to resolve civil allegations that they violated the Federal False Claims Act by submitting, or causing the submission of, claims for reimbursement for funding earmarked for minority, women-owned, or small business that they were not entitled to receive.

The federally funded contracts for roadway, water system, and parking improvements in communities throughout the state and at Rhode Island College were financed by the Environmental Protection Agency, the United States Department of Education, and the United States Department of Transportation. The contracts contained specific requirements that subcontractors on these projects must include minority-owned, women-owned, or small businesses (commonly known as "disadvantaged business enterprises"). Rosciti Construction served as the prime contractor for the projects; Wallace Construction, a sub-contractor on all of the projects hired by Rosciti, was purported to be a disadvantaged business enterprise. In fact, the government alleges that Wallace was not at the time a legitimate disadvantaged business enterprise, and lacked the capacity to perform necessary work on the projects.

Each of the four senior officers and the owners of the two firms is individually contributing to the settlement.

\*Disadvantaged business enterprise requirements exist to make sure that small companies owned by women and by minorities have a fair shot to compete for, and benefit from, the



# Product Substitution

- Contractor misrepresents the product used in order to reduce costs
- Goods and Services Must Conform to the Quality and Quantity Required by the Contract



# What Can We Look For?

- Overcharging:
  - Billed hours consistently at max rate
  - Numerous adjustments to bills
  - Wrong rates, wage categories
  - No backup available to support
  - Working beyond scope





# What Can We Look For?

- Overcharging:
  - Inflated overhead
  - Charging costs assoc. other projects
  - Duplicate invoices
  - Time card alterations/filled out by supervisor



# What Can We Look For?

- Product Substitution:
  - Products markings, dates
  - No supporting documentation, reluctance/refusal to provide
  - Signatures on invoices, relevance
  - No test results



# What Can We Look For?

- TRUST YOUR GUT!!!
- Seek an explanation
- Document activity you suspect
- Do NOT alert those suspected
- Report your concerns
- Intuition — (we LOVE rumors)



# QUESTIONS???

- Todd A. Damiani
- Special Agent-in-Charge
- Cambridge, MA
- 617-494-2240
- [Todd.damiani@oig.dot.gov](mailto:Todd.damiani@oig.dot.gov)