



# Department of Justice

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## **OWNER OF NEW JERSEY LANDSCAPING SUB-CONTRACTOR PLEADS GUILTY TO DEFRAUDING THE ENVIRONMENTAL PROTECTION AGENCY**

WASHINGTON – The co-owner of a Martinsville, N.J., landscaping company pleaded guilty to participating in a fraud conspiracy at the Environmental Protection Agency (EPA)-designated Superfund site, Federal Creosote, located in Manville, N.J., the Department of Justice announced today.

Frederick Landgraber pleaded guilty in the U.S. District Court of New Jersey today to one count of conspiracy to defraud the EPA from approximately March 2002 until approximately June 2005 at the Federal Creosote site. As part of the conspiracy, Landgraber provided more than \$30,000 in kickbacks to an employee of the prime contractor at the site in exchange for which that employee steered landscaping sub-contracts to Landgraber's company. Landgraber and his co-conspirator subverted the competitive bidding process by submitting intentionally high cover bids on behalf of fictitious companies. In total, Landgraber's company received approximately \$1.5 million in sub-contracts at Federal Creosote.

The clean-up at the Federal Creosote site is partly funded by the EPA. Under an interagency agreement between the EPA and the Army Corps of Engineers, prime contractors oversaw the removal, treatment and disposal of contaminated soil, as well as other operations at the Federal Creosote site.

"The fictitious bids were created specifically to evade bidding requirements that are in place to ensure competition and protect taxpayer dollars in the government procurement process," said Scott D. Hammond, Deputy Assistant Attorney General for Criminal Enforcement of the Department's Antitrust Division. "The Antitrust Division will continue to apprehend and prosecute those who commit these crimes."

Today's charge is the result of an ongoing antitrust investigation into bid rigging, bribery, fraud and tax-related offenses at New Jersey Superfund sites. In addition to Landgraber, five individuals and three companies have pleaded guilty in this investigation. Bennett Environmental Inc. (BEI) pleaded guilty to participating in a conspiracy to defraud the EPA at the Federal Creosote site and was sentenced on Dec. 15, 2008, to pay a \$1 million fine and \$1.66 million in restitution. On the same day, Zul Tejpar, a former BEI executive, pleaded guilty to participating in the same fraud conspiracy as BEI. Sentencing is scheduled for Sept. 28, 2009.

In addition, on July 23, 2008, JMJ Environmental Inc. (JMJ), a Laurel Springs, N.J., wastewater treatment supply company, its owner John Drimak, Jr., and Norman Stoerr, a former

contracts administrator at the Federal Creosote site pleaded guilty to bid rigging, fraud and tax charges related to Federal Creosote and the Diamond Alkali Superfund site, located in Newark, N.J. Sentencing for JMJ, Drimak and Stoerr is scheduled for Dec. 7, 2009.

On March 4, 2009, National Industrial Services LLC and co-owner Victor Boski pleaded guilty to participating in a separate kickback and fraud conspiracy at Federal Creosote and Diamond Alkali.

Finally, Christopher Tranchina, an employee of a Sewell, N.J., company that provided temporary electrical utilities, pleaded guilty to participating in a separate kickback and fraud conspiracy at Federal Creosote. Tranchina is scheduled to be sentenced on July 13, 2009.

The fraud conspiracy that Landgraber is charged with carries a maximum penalty of five years in prison and a \$250,000 fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charges reflect the Department's commitment to protecting U.S. taxpayers from procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, prosecution and prevention of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The ongoing investigation is being conducted by the Antitrust Division's New York Field Office, the EPA Office of Inspector General and the Internal Revenue Service Criminal Investigation. Anyone with information concerning bid rigging, kickbacks or fraud relating to sub-contracts awarded at the Federal Creosote or Diamond Alkali sites should contact the New York Field Office of the Antitrust Division at 212-264-9308.

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