



Department of Justice

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**CANADIAN EXECUTIVE PLEADS GUILTY TO FRAUD AND MONEY LAUNDERING
CONSPIRACIES INVOLVING A NEW JERSEY ENVIRONMENTAL PROTECTION
AGENCY SUPERFUND SITE**

***Executive Also Pleads Guilty to Obstructing a Securities and Exchange Commission
Proceeding***

WASHINGTON — A former executive of Bennett Environmental Inc. (BEI), a Canadian-based company that treats and disposes of contaminated soil, pleaded guilty to participating in a conspiracy to pay kickbacks and commit fraud at the U.S. Environmental Protection Agency (EPA)-designated Superfund site, Federal Creosote, located in Manville, N.J. The former executive also pleaded guilty to participating in a money laundering conspiracy and impeding a proceeding before the U.S. Securities and Exchange Commission (SEC), the Department of Justice announced today.

According to the charges filed in the U.S. District Court of New Jersey today, Robert P. Griffiths pleaded guilty to one count of conspiracy to defraud the EPA by inflating the prices he charged to a prime contractor of the EPA and providing kickbacks to employees of that prime contractor. This conspiracy took place from approximately December 2001 until approximately August 2004 at the Federal Creosote site. Griffiths and his co-conspirators were given the bid prices of BEI's competitors, which allowed BEI to submit the highest possible bid prices and still be awarded the sub-contracts. On one occasion, Griffiths and his co-conspirators inflated the bid prices to cover approximately \$1.3 million in kickbacks and amounts BEI kept for itself. The kickbacks were in the form of money transferred by wire to a co-conspirator's shell company, lavish cruises for senior officials of the prime contractor, various entertainment tickets, pharmaceuticals and home entertainment electronics. The Department said that the co-conspirators were able to allocate at least \$43 million in fraudulently awarded sub-contracts to BEI for the removal, treatment and disposal of contaminated soil at the Federal Creosote site and to fraudulently conceal from the U.S. Army Corps of Engineers that BEI had submitted false invoices for the disposal of approximately 20,000 tons of soil.

Griffiths also pleaded guilty to a second count of conspiracy to commit international money laundering, the purpose of which was for Griffiths to profit personally from the fraud and kickback scheme. From approximately February 2003 through approximately September 2004, Griffiths and a co-conspirator who received more than \$1 million in kickbacks through his shell company, laundered approximately \$207,000 of the kickback proceeds from the co-conspirator's bank account in New Jersey to a bank account controlled by Griffiths in Ontario, Canada.

In addition, Griffiths pleaded guilty to a third count of obstructing an official proceeding before the SEC. On or about Nov. 3, 2005, Griffiths made false statements in response to

questions asked by the SEC for the purpose of deceiving the SEC and concealing his conduct in the fraudulent scheme. At that time, the SEC was investigating whether Griffiths and others had obtained information not available to the public and relied upon that information to conduct certain securities transactions improperly.

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

“The public relies upon their tax dollars being spent wisely, not for providing kickbacks to corrupt contractors,” said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division’s Criminal Enforcement Program. “The Antitrust Division will vigorously investigate and prosecute fraudulent schemes that circumvent the competitive bidding process.”

Including Griffiths, seven 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., 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 New Jersey Superfund sites - Federal Creosote and Diamond Alkali in Newark, N.J. Sentencing for all three is scheduled for Dec. 7, 2009.

On March 4, 2009, National Industrial Services LLC, an industrial pipes, valves and fittings supply company located in Middlesex, N.J., and its co-owner Victor Boski pleaded guilty to participating in a separate kickback and fraud conspiracy at Federal Creosote and Diamond Alkali.

On Feb. 26, 2009, 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.

On June 25, 2009, Frederick Landgraber, the co-owner of a landscaping company located in Martinsville, N.J., pleaded guilty to participating in a separate kickback and fraud conspiracy at Federal Creosote. Landgraber is scheduled to be sentenced on Oct. 19, 2009.

The fraud conspiracy that Griffiths is charged with carries a maximum penalty of five years in prison and a \$250,000 fine. The obstruction charge carries a maximum penalty of 20 years in prison and a \$250,000 fine. The maximum fines resulting from each of these charges 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. The money laundering conspiracy that Griffiths is charged with carries a maximum penalty of 20

years in prison, five years of supervised release, and a \$500,000 fine, or twice the value of the funds involved in the transportation, transmission, or transfer, whichever is greater.

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, tax offenses, 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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