



Department of Justice

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FOR IMMEDIATE RELEASE
February 26, 2009
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COMPANY CHARGED WITH FRAUD AND FALSE STATEMENTS SCHEME ON BIG DIG CONTRACT CONVICTED

BOSTON, MA - A company doing work on a Big Dig contract pled guilty today in U.S. District Court to submitting false claims on a federal highway project. The scheme involved the systematic, fraudulent billing of apprentice workers at the higher rate of pay for journeymen, resulting in continuing overpayments by the Central Artery/Tunnel (CA/T) project to the contractor. In addition, the scheme also involved fraud against the U.S. Department of Transportation's Disadvantaged Business Enterprise (DBE) program.

United States Attorney Michael J. Sullivan; Theodore L. Doherty III, Special Agent in Charge of the New England Regional Office of the U.S. Department of Transportation, Office of Inspector General; Marjorie Franzman, United States Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations; and Warren T. Bamford, Special Agent-in-Charge of the Federal Bureau of Investigation, Boston Field Division announced today that **ISLAND LATH AND PLASTER, INC. (ISLAND)** pled guilty to a single-count Information charging it with conspiracy to defraud the United States with respect to claims on a federal highway project.

At the plea hearing, the prosecutor stated that, from 2002 through 2006, **ISLAND**, a company doing work on behalf of a subcontractor to McCourt Construction Company, engaged in a scheme to over-bill the Central Artery/Tunnel Project by falsely categorizing apprentice workers as journeymen on work performed on the C17AA Tunnel Finishes Contract. The work which was overbilled was performed on time and materials contracts, which meant the subcontractor was only to be paid for the time worked by each employee. In addition, **ISLAND** obstructed the Department of Transportation's DBE program since the subcontractor involved was the minority subcontractor, but the work was substantially performed by **ISLAND**. In addition, **ISLAND** prepared the bills submitted by the subcontractor to the CA/T project.

ISLAND faces a fine of up to \$500,000 and a term of probation of up to five years, as well as a mandatory \$400 special assessment. U.S. District Court Judge Nathaniel M. Gorton set the sentencing for May 27, 2009 at 3:00 p.m.

McCourt Construction, and two of its managers, have previously been convicted in federal court regarding the same overbilling scheme. In addition, three individuals employed by Massachusetts Electric Construction Company, a McCourt Construction subcontractor on the tunnel finishes contract, have previously been convicted in federal court for submitting false claims in connection with overbilling apprentice labor at journeyman rates.

The case was investigated by the Department of Transportation, Inspector General's Office, the Department of Labor/Office of Labor Racketeering, and the Federal Bureau of Investigation, New England Field Division. It is being prosecuted by Assistant U.S. Attorney Eugenia M. Carris, along with Assistant United States Attorneys Fred M. Wyshak, Jeffrey M. Cohen and Anthony E. Fuller of Sullivan's Public Corruption Unit.

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