



FEDERAL BUREAU OF INVESTIGATION BOSTON

Department of Justice Press Release

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United States Attorney's Office

District of Massachusetts

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Fraud and False Statements Scheme Charged on Big Dig Contract

BOSTON, MA—A company doing work on a Big Dig contract was charged today in federal court with submitting false claims on a federal highway project. The scheme involved the systematic, fraudulent billing of apprentice workers at the higher rate of pay, 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 K. Loucks, Theodore L. Doherty III, Special Agent in Charge of the Department of Transportation Inspector General's Office in New England, and 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 ADAMS MANAGEMENT GROUP, INC. (ADAMS) was charged in a single-count Information with conspiracy to defraud the United States with respect to claims on a federal highway project.

The Information alleges that, beginning in 2002 through 2006, ADAMS, a subcontractor to MCCOURT CONSTRUCTION CO., engaged in a scheme to overbill the Central Artery/Tunnel Project by falsely categorizing apprentice workers as journeymen on work performed on the C17AA Tunnel Finishes Contract. It is further alleged that the work, which was overbilled, was performed on a time and materials basis, which meant the subcontractor was paid for the time worked by each employee, as opposed to a fixed price for the work under contract. In addition, the Information alleges that ADAMS obstructed the Department of Transportation's DBE program since ADAMS was the minority subcontractor, but the work was substantially performed by ISLAND LATH AND PLASTER (ISLAND), a company which has already pled guilty to similar charges. In addition, ISLAND prepared the bills submitted by ADAMS to the CA/T project.

If convicted on these charges, ADAMS faces a fine of up to \$500,000.

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, Jeffrey M. Cohen, Anthony E. Fuller and Fred M. Wyshak of Sullivan's Public Corruption and Special Prosecutions Unit.

The details contained in the Information are allegations. The defendants are presumed to be innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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