



# Department of Justice

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## **FORMER EXECUTIVE OF SOIL REMEDIATION SUB-CONTRACTOR PLEADS GUILTY TO DEFRAUDING THE U.S. ENVIRONMENTAL PROTECTION AGENCY**

WASHINGTON — A former Vice President of Business Development for a Canada-based company that treats and disposes of contaminated soils pleaded guilty today to participating in a fraud conspiracy at an Environmental Protection Agency (EPA)-designated Superfund site located in Manville, N.J., the Department of Justice announced.

Zul Tejpar pleaded guilty to one count of conspiracy to defraud the EPA by inflating the prices the company charged to a prime contractor of the EPA and providing kickbacks to employees of that prime contractor at the Federal Creosote Superfund site. Tejpar pleaded guilty in the U.S. District Court of New Jersey. As part of the plea agreement, Tejpar has agreed to cooperate with the ongoing investigation.

Tejpar's former employer, Bennett Environmental Inc. (BEI), pleaded guilty to participating in the same conspiracy to defraud the EPA on July 31, 2008, and today was sentenced to pay a \$1 million criminal fine.

The cleanup 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 site.

According to the charge, from approximately December 2001 until approximately the Spring of 2004, Tejpar and his co-conspirators frustrated the competitive bid process and defrauded the EPA at the Federal Creosote site. Tejpar and his co-conspirators were given confidential bid information and then inflated invoices to cover approximately \$1.3 million in kickbacks to employees of the prime contractor, who were co-conspirators. These kickbacks were in exchange for the prime contractor's assistance in allocating at least \$27 million in sub-contracts for the removal, treatment and disposal of contaminated soil at the site. The kickbacks were in the form of money wire transfers to a shell company, lavish cruises, various entertainment tickets and home entertainment electronics. As a part of the fraudulent scheme, BEI and its co-conspirators also included amounts it kept for itself in the inflated invoices.

"The competitive bid process is designed for the protection of taxpayers. We will continue to prosecute those who subvert the competitive process, particularly where taxpayer dollars are involved," said Deborah A. Garza, Acting Assistant Attorney General in charge of the Department's Antitrust Division.

As part of the same investigation, 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 related bid rigging charges at Federal Creosote. Drimak and Stoerr also pleaded guilty to fraud charges related to both the Federal Creosote site and another New Jersey Superfund site, Diamond Alkali in Newark, N.J. Drimak and Stoerr pleaded guilty to tax related charges as well. Sentencing is scheduled for Feb. 9, 2009.

The fraud conspiracy that Tejpar is charged with carries a maximum penalty of five years in prison, three years of supervised release 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. Tejpar is scheduled to be sentenced on March 23, 2009.

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 charges related to contracts at Federal Creosote should contact the New York Field Office of the Antitrust Division at 212-264-9308.

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