



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, SEPTEMBER 30, 2013
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AT
(202) 514-2007
TTY (866) 544-5309

FORMER PROJECT MANAGER CONVICTED FOR ROLE IN CONSPIRACY SCHEMES INVOLVING TWO EPA SUPERFUND SITES IN NEW JERSEY

A Total of Nine Individuals and Three Companies Have Been Convicted or Pleaded Guilty in Investigation to Date

WASHINGTON – A New Jersey jury convicted a former project manager for his central role in conspiracies that spanned seven years and involved kickbacks in excess of \$1.5 million at two Environmental Protection Agency (EPA) Superfund sites in New Jersey, the Department of Justice announced today. The jury returned guilty verdicts on 10 counts charged in the indictment against Gordon D. McDonald, which was filed on Aug. 31, 2009.

In addition to today's conviction, to date, eight individuals and three companies have pleaded guilty to charges arising out of this investigation.

After a two-week trial, McDonald, a former project manager for a prime contractor, was convicted of engaging in separate bid-rigging, kickback and/or fraud conspiracies with three subcontractors at two New Jersey Superfund sites – Federal Creosote in Manville, N.J., and Diamond Alkali in Newark, N.J. He was also convicted of engaging in an international money laundering scheme, major fraud against the United States, accepting illegal kickbacks, committing two tax violations and obstruction of justice. The various conspiracies took place at different time periods from approximately December 2000 until approximately April 2007. McDonald was acquitted on counts eight and nine involving certain fraud and kickback charges.

“Today's guilty verdict sends a clear message that corrupt purchasing officials will be held accountable for engaging in fraudulent schemes designed to undermine the government's competitive contracting practices,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. “The Antitrust Division is committed to ensuring there is fair play and competition in our markets.”

As part of the conspiracies, McDonald and co-conspirators at his former company accepted kickbacks from sub-contractors in exchange for the award of sub-contracts at Federal Creosote. McDonald provided co-conspirators at Bennett Environmental Inc., a Canadian-based company that treats and disposes of contaminated soil, with bid prices of their competitors, which allowed them to submit higher bid prices and still be awarded the sub-contracts. In exchange for McDonald's assistance, Bennett Environmental, Inc. provided him with over \$1.5 million in kickback payments.

According to court documents, McDonald also accepted kickbacks in exchange for the award of sub-contracts at the Federal Creosote and Diamond Alkali sites from the owner of JMJ Environmental Inc., a wastewater treatment and chemical supply company, and the co-owner of National Industrial Supply LLC, an industrial pipes supplier. He participated in a conspiracy with the owner of JMJ and co-conspirators to rig bids and allocate sub-contracts at inflated prices for wastewater treatment supplies and services at Federal Creosote.

The cleanup at Federal Creosote was primarily funded by the EPA. An interagency agreement between the EPA and the U.S. Army Corps of Engineers designated that the U.S. Army Corps of Engineers hire the prime contractors at Federal Creosote. According to a settlement with the EPA and the New Jersey Department of Environmental Protection, Tierra Solutions was required to fund remedial action and maintenance of Diamond Alkali. Tierra Solutions hired the prime contractor for the remedial action and maintenance of Diamond Alkali.

Sentencing is scheduled for Jan. 6, 2014, before Judge Susan D. Wigenton. To date, more than \$6 million in criminal fines and restitution have been imposed, and five individuals have been sentenced to serve more than 10 years in total prison time.

Today's conviction is the result of an ongoing federal antitrust investigation being conducted by the Antitrust Division's New York 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 subcontracts awarded at the Federal Creosote Superfund site or Diamond Alkali Superfund site should contact the Antitrust Division's New York Office at 212-335-8000 or visit www.justice.gov/atr/contact/newcase.htm.

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