



# Department of Justice

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**United States Attorney's Office**  
**District of Massachusetts**  
**Contact: (617) 748-3100**

## **Company Sentenced on Big Dig Fraud and False Statements Scheme**

BOSTON, MA - A company doing work on a Big Dig contract was sentenced today in federal court for 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.

Acting 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, 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) was sentenced by U.S. District Judge Nathaniel M. Gorton to a one year term of probation and to pay an \$65,000 criminal fine as well as a \$400 mandatory special assessment.

At an earlier plea hearing, the prosecutor stated that, beginning in 2002 through 2006, ISLAND, a company doing work on behalf of ADAMS MANAGEMENT GROUP, INC. (AMG), a subcontractor to MCCOURT CONSTRUCTION CO., 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 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, ISLAND obstructed the Department of Transportation's DBE program since AMG was the minority subcontractor, but the work was substantially performed by ISLAND. ISLAND prepared the bills submitted by AMG to the CA/T project. Last week, ADAMS pled guilty to the same scheme and will be sentenced in September 2009.

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. MCCOURT CONSTRUCTION paid the restitution owed to the CA/T project for the overbillings at issue here.

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 was prosecuted by Assistant U.S. Attorney Eugenia M. Carris of the Public Corruption & Special Prosecutions Unit.