

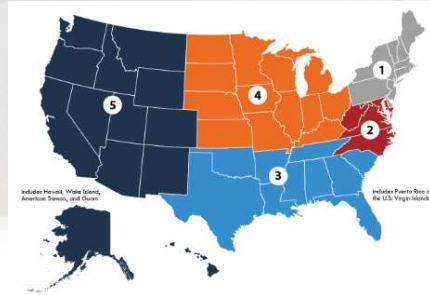
OIG – Fraud Awareness



US Department of Transportation

Office of Inspector General (OIG)

Northeastern Region 1 OIG



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What is Fraud?

Knowingly and willfully making:

- False statements
- False claims
- Fraudulent schemes




➤ Examples:

- Time and materials overcharging
- Quality control misrepresentation
- Product substitutions
- Disadvantaged Business Enterprise (DBE) fraud - misrepresentation



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Fraud Consequences

- Fines
- Suspension
- Debarment from bidding on federal projects
- Imprisonment




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Fraud Awareness

3 Examples

- 1) Chicago O'Hare Airport project – DBE (Disadvantaged Business Enterprise) fraud case
- 2) Massachusetts Big Dig - Inferior quality concrete fraud case
- 3) Connecticut DOT - catch basin product substitution fraud case



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Fraud Awareness

Chicago Airport DBE Example

- Prime contractor claimed WBE/DBE was responsible to do certain work
- WBE was actually a pass-through (did not do work)
- WBE had no “Commercial Useful Function” (CUF)
- Consequences:
 - GC paid a \$12 million fine
 - Hire integrity person
 - Subcontractor received 1 year in prison



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Big Dig Example

- Contractor used inferior concrete not meeting mix design specifications
- Batch tickets were falsified
- Multi-million dollar settlement
- Criminal charges: home detention, probation, and community service

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Connecticut DOT Example

- Contractor substituted inferior catch basins – they were missing required rebar
- Inspectors broke them apart to test – no rebar found
- Shop Drawings were falsified
- Also, contractor used foreign steel in other products
- Multi million-dollar settlement



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FRAUD AWARENESS

Play OIG Video



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 **FRAUD AWARENESS**

- **Contact OIG:**
1-800-424-9071
www.oig.dot.gov
- On-site inspection first line of defense
- Make sure contractors understand you will be monitoring work




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 **FRAUD AWARENESS**

Questions?



Next Up: Construction

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