

OIG – Fraud Awareness

US Department of Transportation



Office of Inspector General (OIG)

Region 1 OIG, Cambridge, MA



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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 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 DBE was responsible to do certain work
- DBE was actually a pass-through (did not do work)
- DBE had no "Commercial Useful Function" (CUF)
- Civil Settlement
 - \$11 million fine
 - Hire integrity person or face debarment



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Big Dig Example

- Contractor used inferior concrete not meeting mix design specifications
- Batch tickets were not true
- Inspector could have caught it if they looked at the delivery slips
- Multi-million-dollar settlement

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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 forged
- Also, contractor used foreign steel in other products
- Multi million-dollar settlement



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➤ **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