



Department of Justice



Acting United States Attorney Kelly T. Currie
Eastern District of New York

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PRESS RELEASE

HUNTER ROBERTS CONSTRUCTION TO PAY MORE THAN \$7 MILLION IN PENALTIES AND RESTITUTION FOR ENGAGING IN A FRAUDULENT OVERBILLING SCHEME

Hunter Roberts Construction Group, LLC (“Hunter Roberts”), one of the largest construction companies in New York City, has entered into a non-prosecution agreement and agreed to pay more than \$7 million in penalties to the federal government and restitution to victims to resolve a criminal investigation into the company’s past fraudulent billing practices. In addition, pursuant to the non-prosecution agreement, Hunter Roberts will provide continuing cooperation and maintain far-reaching corporate reforms.

The resolution was announced by Kelly T. Currie, Acting United States Attorney for the Eastern District of New York; Michael Nestor, Inspector General, Port Authority of New York and New Jersey; Robert Erickson, Acting Inspector General, General Services Administration, Office of the Inspector General; Cheryl Garcia, Special Agent-in-Charge, Department of Labor, Office of Inspector General; Diego G. Rodriguez, Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office; and Mark G. Peters, Commissioner, New York City Department of Investigation.

“Hunter Roberts defrauded its clients by fraudulently billing them for work that was not performed and at rates that were higher than contracted. Today’s resolution marks a significant step in our continued effort to eliminate fraud in New York City’s construction industry and also recognizes Hunter Roberts’s decision to timely accept full responsibility, provide complete cooperation, and take remedial measures to enforce best industry practices,” stated Acting U.S. Attorney Currie. Mr. Currie thanked the investigative agencies for their outstanding commitment and dedication over the course of this six-year industry investigation.

“Responsible for overseeing billions of dollars of publicly funded construction throughout the region, the Port Authority’s Office of Inspector General is committed to ensuring that industry participants operate with integrity and accountability,” stated Inspector General Nestor. Inspector General Nestor thanked his law enforcement partners for their dedication and professionalism in investigating these practices.

“We will continue working with our law enforcement partners on important construction contract fraud cases such as this, ensuring that the United States always gets what it bargained for,” said Acting Inspector General Erickson.

“Contractors that inflate invoices for union labor threaten the integrity of collective bargaining agreements and the viability of federally funded projects and private development. We will continue to work with our law enforcement partners to identify practices that jeopardize the employment opportunities for American workers”, stated Special Agent-in-Charge Garcia.

“Both public and private projects across the New York City metropolitan area were victims of Hunter Roberts’ fraudulent billing practices for more than eight years. Today’s restitution settlement of more than \$7 million should help make right on a practice so wrong. The FBI is committed to working with our law enforcement partners to investigate and bring justice to those who seek to profit from fraudulent schemes, especially those in the city’s construction industry,” stated Assistant Director-in-Charge Rodriguez.

Commissioner Peters said, “This fraudulent overbilling scheme was insidious – bilking publicly-funded vendors and, in the end, taxpayers paid the ultimate cost. DOI will continue to work with its law enforcement partners to expose and stop these crimes because fraud has no business in New York City.”

Pursuant to the non-prosecution agreement signed today, Hunter Roberts acknowledged and accepted responsibility for engaging in an eight-year-long fraudulent overbilling scheme that impacted virtually all of its projects. Specifically, from 2006 through 2011, Hunter Roberts billed clients, including government contracting and funding agencies, for hours that were not worked by labor foremen from Local 79 Mason Tenders’ District Council of Greater New York (“Local 79”). Hunter Roberts effectuated this overbilling by systemically adding one to two hours of unworked or unnecessary overtime per day to the labor foremen’s time sheets and falsely listing unworked hours as worked when labor foremen were absent for vacation days, sick days, and major holidays. Additionally, from 2010 through November 2013, without seeking advance approval from its clients, Hunter Roberts paid a select group of labor foremen, and billed its clients, at wage rates that exceeded those specified in Hunter Roberts’ contracts with its clients. In admitting responsibility, Hunter Roberts acknowledged that it engaged in fraudulent overbilling on a wide number of public and private projects across the New York City metropolitan area. These projects included the Dormitory Authority of the State of New York’s Queens Hospital Center Ambulatory Care Pavilion, the Harvey Theater at the Brooklyn Academy of Music, the Borough of Manhattan Community College’s Fiterman Hall, and the PAVE Academy Charter School in Red Hook, Brooklyn.

In light of Hunter Roberts’ comprehensive internal investigation, prompt and complete acceptance of responsibility for the full breadth of its unlawful conduct, exemplary cooperation and far-reaching remedial measures, the government has agreed not to prosecute Hunter Roberts for its criminal conduct, provided that Hunter Roberts complies for two years with all the terms of the agreement executed today. Significantly, this agreement secures immediate compensation for victimized companies who were overbilled on their projects.

This resolution was the result of efforts by the President's Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices, and state and local partners, it is the broadest coalition of law enforcement, investigatory, and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state, and local authorities; addressing discrimination in the lending and financial markets; and conducting outreach to the public, victims, financial institutions, and other organizations. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information on the task force, please visit www.StopFraud.gov.

The government's case is being prosecuted by the Office's Business and Securities Fraud Section. Assistant United States Attorney Whitman Knapp and Special Assistant United States Attorney Jonathan P. Lax are in charge of the prosecution.