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FOR IMMEDIATE RELEASE  
February 10, 2005

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### Press Release

#### **UNITED STATES AND THE STATE OF DELAWARE REACH A \$260,000 SETTLEMENT WITH PROFESSIONAL SERVICE INDUSTRIES, INC. FOR THE ACTS OF ITS FORMER INSPECTORS WHO FRAUDULENTLY THE DELAWARE DEPARTMENT OF TRANSPORTATION**

Colm F. Connolly, United States Attorney for the District of Delaware, announced that the United States and the State of Delaware have reached a \$260,000 settlement with Professional Service Industries, Inc. ("PSI") concerning its responsibility for the acts of its former inspectors.

From 1994 through 1997, PSI contracted with the Delaware Department of Transportation ("DelDOT") to provide consulting services on construction projects. Primarily, the consulting services consisted of supplying inspectors at manufacturing sites to assure the quality of work being provided by the manufacturers (*e.g.*, inspect the pouring and curing of concrete for sections to be used on bridges, etc.). PSI submitted claims under the two contracts at issue, DelDOT agreements 731 and 731-1, totaling approximately \$440,009 of which \$393,829 was paid with federal funds. The government has alleged that approximately \$98,925.85 of that amount was fraudulently billed. PSI has denied the allegations.

The government alleged the following:

1) PSI billed the government for testing that never took place. PSI billed DelDOT for testing but provided little supporting documentation. Upon review, the few documents provided indicate that testing documents were simply duplicated from testing conducted by the manufacturer, not PSI.

2) PSI billed the government for the work of "certified welding inspectors" when the inspectors who performed the inspections were not so certified. PSI billed DelDOT for the work of a number of inspectors which it claimed were Certified Welding Inspectors and, thus, could be billed at higher rates. However, the American Welding Society, the organization that provides such certifications, indicated that the inspectors were not so certified.

3) PSI billed the government for the inspectors' costs based on fictitious meal and lodging receipts. Under the contracts, PSI would be reimbursed for the actual meal and lodging costs of its inspectors, not to exceed \$60 per day. However, upon investigation, it was revealed that significant

numbers of the receipts supporting the meal and lodging costs billed were false. Some of the fabricated receipts were purportedly from hotels and restaurants that do not exist.

4) PSI billed the government for labor hours greater than that actually performed. PSI billed the government for inspectors conducting work at two or three locations on the same day when such was impossible or did not occur. Additionally, inspectors claimed to have worked 12 to 16 hrs. in a day when the facility at which the work was alleged to have occurred only operated a single shift. Moreover, timed toll receipts submitted in support of toll charges indicate that the inspectors did not work the labor hours claimed for the same day (*e.g.*, the toll receipts indicate the inspector crossed a certain bridge at 9:00 a.m. and returned at 3:00 p.m. on a date for which he had claimed 16 hours of work).

In announcing the settlement, U.S. Attorney Connolly commended members of the federal Department of Transportation's Office of Inspector General ("DOT-OIG"), the Delaware Department of Transportation and the State Attorney General's office. In particular, he praised the outstanding investigative efforts and assistance of OIG Special Agent Elise Woods; DelDOT auditors William J. Gallant, Christine L. Killen, Deborah A. Phillips, and Phillip J. Henry; and, Deputy Attorney General Lawrence Lewis. In addition, he commended Assistant U.S. Attorneys Rudolph Contreras and Patricia Hannigan who coordinated the civil investigation and settlement discussions, and USAO auditor Larry Kutys who provided invaluable auditing assistance to the investigation.

For further information, please contact Assistant United States Attorney Rudolph Contreras at (302) 573-6277, ext. 154.

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