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January 9, 2009

NEWS RELEASE

PRESIDENT OF HIGHWAY CONSTRUCTION FIRM PLEADS GUILTY TO TAX FRAUD IN ON-GOING INVESTIGATION

Martin C. Carlson, United States Attorney for the Middle District of Pennsylvania; Janice K. Fedaryck, Special Agent in Charge of the Philadelphia Division of the FBI; Ned Schwartz, Regional Special Agent in Charge, U.S. Department of Transportation, Office of Inspector General; John Spratley, Special Agent in Charge, U.S. Department of Labor, Office of Labor Racketeering and Fraud Investigations; Leslie P. DeMarco, Special Agent in Charge of the Philadelphia Field Office, Internal Revenue Service, Criminal Investigation Division, announced today that a guilty plea has been entered in connection with the largest reported Disadvantaged Business Enterprise (DBE) fraud scheme in U.S. Department of Transportation history.

Romeo P. Cruz, age 59, of West Haven, Connecticut, the President and owner of Marikina Construction Corporation and Marikina Engineering and Construction Corporation, pleaded guilty in federal court to filing a false income tax return for 2005 which substantially under-reported the income he received from Marikina. Cruz admitted today that he fraudulently disguised numerous payments made to himself and members of his family as legitimate business expenses on the books and records of Marikina. As a result, his tax return for 2005, which reported \$5,532 in income from Marikina was false.

Cruz previously pled guilty on August 28, 2008 to conspiracy to defraud the United States Department of Transportation (USDOT), the Pennsylvania Department of Transportation (PennDOT), and various general contractors in connection with a \$121 million DBE fraud. Cruz now faces up to eight years' imprisonment and

finances totaling \$500,000. Cruz pleaded guilty pursuant to a plea agreement in which he has agreed to cooperate in the on-going investigation and make restitution to the IRS.

On February 13, 2008, Dennis F. Campbell, a Vice-President of Schuylkill Products, Inc. (SPI), a Cressona, Pennsylvania, based manufacturer of concrete products used on highway construction projects, pleaded guilty to the DBE fraud and awaits sentencing. On April 15, 2008, Timothy G. Hubler, a Vice-President of CDS Engineers, Inc., which operated as the erection division of SPI, pleaded guilty to the DBE fraud and tax fraud and awaits sentencing. Both men are also cooperating in the on-going investigation.

On December 2, 2008, the Federal Highway Administration suspended SPI, CDS and Marikina from bidding on any projects using federal funds. On December 9, 2008, a PennDOT hearing officer issued a report recommending that SPI, CDS, and its owners be permanently prohibited from bidding on Pennsylvania highway projects.

Cruz operated Marikina out of the basement of his home in West Haven, Connecticut. Marikina was a small highway construction company that was designated a DBE by PennDOT in 1993, and grew to be the largest recipient of DBE-designated funds under PennDOT's DBE program. Between 1994 and 2007, Marikina received over \$121 million in subcontracts under the DBE program. Cruz previously admitted that Marikina really was a front company for SPI and CDS and that funds were merely passed through Marikina to make it appear there was DBE participation. In reality, SPI and CDS personnel performed all of the work in connection with the subcontracts, and Marikina remitted all of the proceeds from the subcontracts to SPI and CDS. In exchange for allowing SPI and CDS to use its name, Marikina was paid a small fixed-fee, set by SPI. Essentially, SPI and CDS, which were not DBE's, rented Marikina's name to obtain lucrative government contracts slotted for small and disadvantaged businesses.

In announcing this guilty plea conviction United States Attorney Carlson stated: "The disadvantaged business enterprise program is designed to ensure that all Americans can enjoy the full promise of prosperity that is an essential part of this country's history. Today's conviction, in the largest fraud ever reported involving this program, underscores the basic message that those who attempt to use this program, which is intended to create a promise of prosperity, as a pathway to greed will face severe consequences. I want to commend all of those involved in

this groundbreaking investigation including, the FBI, the U.S. Department of Transportation Inspector General's Office, the U.S. Department of Labor Inspector General's Office, the Criminal Investigation Division of the IRS, and Assistant U.S. Attorney Bruce Brandler, who is supervising the prosecution."

The investigation is being conducted by the FBI, the U.S. Department of Transportation Inspector General's Office, the U.S. Department of Labor Inspector General's Office, and the Criminal Investigation Division of the IRS. Assistant U.S. Attorney Bruce Brandler is supervising the prosecution.
