



ANATOMY OF AN INVESTIGATION: MWBE/WORKFORCE FRAUD SCHEMES

In May 2023, Manhattan District Attorney, Alvin Bragg announced a 60-count indictment against six companies and eight of their associated employees.

The charges included:

- Extensive MWBE fraud scheme- making it appear that MWBE firms were provided goods and services on projects when they did not
- Conspiracy to falsify business records related to MWBE pass-through arrangements
- Falsification of business records regarding cash payrolls
- Money laundering and falsified business records to conceal the nature and scope of the unreported cash payrolls
- Attempted money theft from clients to pay debts owed to subcontractors/suppliers on other projects
- Stealing requisition monies from subcontractors and falsified related business records
- Bid rigging
- Bribing construction company executives, employees, and agents
- Defrauding the NYS Insurance Fund (NYSIF) with respect to Worker's Compensation insurance

The investigation which reviewed activities going back to 2017 used wiretapping and photography to identify multiple schemes involving Minority/Women Business Enterprise (MWBE) participation including the issuing of payments to certified MWBEs as Fronts for Non-Minority firms and pass throughs for payments to MWBE Material Suppliers in an elaborate scheme to increase diverse participation. Illicit hiring tactics, unlawful use of payments, and kickback schemes were included in the charges.

In several of these counts, certified firms filed false instruments including requisitions, payrolls, and utilization plans. These documents became the foundation of multiple charges.

The TSIB team will help you to uncover many of the schemes included in these indictments by:

- Utilization Plan Development
- MWBE Certification Reviews
- Commercially Useful Function Reviews
- Site Visits
- MWBE Payment Reviews
- Wage Rate Reviews
- Field Interviews

Interested in learning more? Reach out to today!

