

Monday, April 8, 2019

## **Insulation Contractor Branch Manager Pleads Guilty To Bid Rigging and Fraud**

Gary DeVoe, Branch Manager for the New England Division of an insulation contractor, pleaded guilty today in Bridgeport, Connecticut, for his role in schemes to rig bids and engage in fraud on insulation installation contracts, marking the first conviction in this investigation, the Department of Justice announced.

According to court documents, from at least as early as October 2011 and continuing until as late as March 2018, DeVoe, of Bethlehem, Connecticut, conspired with other insulation installation contractors to rig bids and engage in fraud on insulation installation contracts in Connecticut, New York, and Massachusetts. Insulation installation contractors install insulation around pipes and ducts on renovation and new construction projects at universities, hospitals, and other public and private entities. In addition to his guilty plea, DeVoe has agreed to pay restitution.

“Today’s conviction is the result of a coordinated effort between the Department of Justice and our law enforcement partners to root out collusion and fraud that undermined the competitive process and defrauded hospitals, schools, and other victims out of millions of dollars,” said Assistant Attorney General Makan Delrahim of the Department of Justice’s Antitrust Division. “Contractors who conspire to deceive and defraud their customers will be prosecuted.”

“This defendant participated in a long-running conspiracy among insulation contractors in Connecticut, Massachusetts and New York,” said U.S. Attorney John H. Durham. “They cooked up collusive bids, shared bid numbers with their competitors and communicated with co-conspirators via encrypted messaging apps, all in an effort to line their own pockets and their companies’ bottom lines. The real victims are the hospitals, universities and businesses that were duped into paying corruptly inflated bids on \$45 million worth of insulation jobs throughout New England. I commend the FBI, DCIS and the Antitrust Division for uncovering this brazen scheme and their ongoing efforts to bring its perpetrators to justice.”

“Free and open markets are the foundation of a vibrant economy. For years, the defendant illegally coordinated bids on construction projects in order to enhance his own profits, eliminate competition, and ultimately steal from both public and private customers,” said Brian C. Turner, Special Agent in Charge of FBI’s New Haven Field Office. “The FBI is committed to preventing this conduct that restricts all construction firms from receiving an opportunity to bid and receive contracts. Consumers deserve the benefits of competitive prices, higher quality products, services, and greater innovation.”

“Collusion and bid rigging seriously undermine the integrity of public contracting processes,” said Special Agent-in-Charge Leigh-Alistair Barzey, Defense Criminal Investigative Service (DCIS) Northeast Field Office. “DCIS will continue to work with our law enforcement partners to investigate and prosecute those who deprive the benefits of competitive contracts and divert tax payer funds.”

The antitrust charge announced today carries a maximum penalty of 10 years in prison and a fine of \$1 million for individuals. The fraud conspiracy charge carries a maximum penalty of 20 years in prison and a fine of \$250,000. The fines for the antitrust and fraud conspiracy charges may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. DeVoe will also be ordered to pay restitution to the victims.

DeVoe also agreed to resolve civil forfeiture cases connected to the criminal charges. DeVoe agreed to settle the pending forfeiture action on his home for \$131,000 and to forfeit all of his seized bank accounts.

The ongoing investigation is being conducted by the Antitrust Division's New York Office, the United States Attorney's Office for the District of Connecticut, the FBI's New Haven Division, and the Defense Criminal Investigative Service. Anyone with information in connection with this investigation is urged to call the Antitrust Division's New York Section at 212-335-8035, or visit <http://www.justice.gov/atr/contact/newcase.html>.

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