

Department of Justice

U.S. Attorney's Office

Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

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Charges Allege Two Individuals And Their Companies Exploited The USDOT Disadvantaged Business Program

PHILADELPHIA - Stamatios "Tom" Kousisis, 60 of Downingtown, PA and Emanouel "Manny" Frangos, 41, of Campbell, OH, along with Alpha Painting & Construction Co., Inc., of Baltimore MD, and Liberty Maintenance, Inc., of Youngstown, OH were charged today by Indictment with conspiracy to commit wire fraud, wire fraud, and making false statements in a scheme involving the USDOT Disadvantaged Business Program and work performed on the federally funded Girard Point Bridge project and the federally funded 30th Street Station, announced United States Attorney **Louis D. Lappen**.

Kousisis is the Project Manager of Alpha and Frangos is an owner of Liberty Maintenance, which are both bridge painting contractors, although neither is a certified Disadvantaged Business in Pennsylvania. The alleged scheme involved Alpha-Liberty JV, a joint venture between defendants Liberty Maintenance and Alpha Painting, and Markias, Inc., a now-defunct certified Disadvantaged Business.

In September 2009, PENNDOT awarded a contract for approximately \$70.3M to a triverture that included the Alpha-Liberty JV to perform structural steel painting and repairs, and concrete repairs, on the Girard Point Bridge in Philadelphia. As part of that award, the triverture made a commitment to PENNDOT to subcontract approximately \$4.7M in Disadvantaged Business work to Markias to supply materials to be used in performing the contract. Under governing law, the Alpha-Liberty JV was only entitled to Disadvantaged Business credit for worked performed by a Disadvantaged Business that was performing a commercially useful function. Instead, according to the indictment, the Alpha-Liberty JV and Kousisis ordered materials needed for their work on the Girard Point Project directly from suppliers that were not Disadvantaged Businesses, and used Markias as a mere pass-through or front, to make it falsely appear that disadvantaged business enterprise requirements had been met on the Girard Point Project when those requirements had in fact not been met. Markias did not perform a commercially useful function.

In December 2010, PENNDOT awarded a contract for approximately \$50.8 million to a joint venture of two companies referred to in the indictment as Company C and Company F, to perform structural steel painting and repairs and roadway reconstruction beneath and around AMTRAK's 30th Street Train Station in Philadelphia. Company C and Company F entered into a subcontract, for approximately \$15 million, for the Alpha-Liberty JV to perform the structural steel painting beneath 30th Street Station. As part of the bid process, Company C and Company F committed to subcontract approximately \$1.7M in Disadvantaged Business work to Markias to supply paint materials for the 30th Street Project. Instead, according to the indictment, the Alpha-Liberty JV and Kousisis ordered materials needed for their work on the 30th Station Project directly from suppliers that were not Disadvantaged Businesses, and used Markias as a mere pass-through or front, to make it falsely appear that disadvantaged business enterprise requirements had been met on the 30th Station Project when those requirements had in fact not been met. Markias did not perform a commercially useful function.

In addition, the indictment alleges that the Alpha-Liberty JV and Kousisis, and Frangos ordered materials to be delivered to and used on out-of-state projects while directing that the purchase invoices be sent to Markias in New Jersey. Then, allegedly at the direction of Alpha-Liberty JV and Kousisis, and Frangos, Markias issued invoices that made it falsely appear that those supplies had been used on the Girard Point and 30th Street Projects in Pennsylvania. Alpha-Liberty JV and Kousisis, and Frangos allegedly caused Company C to falsely report to PENNDOT that the supplies delivered to and used on the out-of-state projects qualified for Disadvantaged Business credit in Pennsylvania when those purchases did not so qualify. PENNDOT awarded approximately \$3.26 million in DBE credit to for the Girard Point Project and approximately \$1.275 million in Disadvantaged Business credit for the 30th Street Station Project based on Disadvantaged Business work supposedly performed by a disadvantaged business (Markias). Alpha-Liberty JV paid Markias 2.25% of the face value of the invoices processed by Markias allegedly to act as a pass-through.

If convicted the defendants face a statutory maximum sentence of 170 years in prison, a possible fine, supervised release, and a \$1600 special assessment.

The case was investigated by the U.S. Department of Transportation Office of Inspector General, the FBI, the Department of Labor Office of Inspector General, and Amtrak Office of Inspector General. It is being prosecuted by Assistant United States Attorney Paul Shapiro.

An indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.