

## ***Inspector General's Investigation Leads to \$146 million Big Dig Lawsuit***

---

The Massachusetts Turnpike Authority filed a \$146 million breach-of-contract lawsuit on March 16, 2004 against the managers of the Big Dig, the joint venture of Bechtel/Parsons Brinckerhoff (B/PB). The lawsuit claims that B/PB failed to disclose the true cost of the project to state officials in order to increase their profits.

The \$146 million includes the profits and incentive fees that B/PB claims to have made for their work on the Big Dig. B/PB's entire contract will exceed \$2.2 **billion** by project's end.

Judge Edward Ginsburg who led the effort to file the lawsuit stated that B/PB "did not come clean with the legislature and the public." (See attached letter.) The lawsuit contends that lawmakers may have made changes to the project or would have made different decisions had they known about the true costs.

Inspector General Gregory W. Sullivan stated that: "Bechtel's disloyal service to the state has cost the state millions of dollars."

Much of the lawsuit is based on work performed by the Office of the Inspector General in 2000 after Big Dig costs increased dramatically from \$10.8 billion to more than \$14 billion. The Inspector General reported his findings in a March 2001 report entitled *A History of Big Dig Finances 1994 – 2001*. This report detailed how state, federal, and B/PB officials acted to conceal the true cost of the Big Dig for six years. This could not have been done without the active support of B/PB. The report also disclosed how B/PB provided misleading information to the state legislature and to federal and state oversight agencies.

The current lawsuit would not have been possible without the work of the Inspector General.

The renewed Big Dig cost recovery effort was prompted in large part by another report issued by the Inspector General in December 2000 entitled *A Review of the Central Artery/Tunnel Project Cost Recovery Program*. This report detailed a failed cost recovery effort. The report found that only \$30,000 had been collected in a five-year period and that B/PB had too prominent a role in cost recovery. As a result, no cost recovery actions had been filed against B/PB. The report called B/PB's role in cost recovery "akin to the fox guarding the hen house."



**MASSACHUSETTS TURNPIKE AUTHORITY**

State Transportation Building, 10 Park Plaza, Suite 4160, Boston, Massachusetts 02116  
(617) 248-2800

Jordan Levy  
*Vice Chairman*

Richard K. Anderson  
*Board Member*

Christy P. Mihos  
*Board Member*

John M. Moscardelli  
*Board Member*

MATTHEW J. AMORELLO  
*Chairman*

March 18, 2004

Gregory Sullivan  
Inspector General  
13<sup>th</sup> Floor  
One Ashburton Place  
Boston, MA 02108

RECEIVED  
MAR 19 2004  
OFFICE OF THE INSPECTOR GENERAL

Re: Commonwealth of Massachusetts and MTA v. Bechtel Corp., et al.

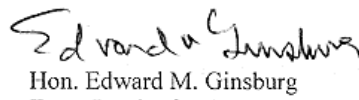
Dear Inspector General Sullivan:

As you know, the MTA and the Commonwealth have recently filed a lawsuit against the management consultant on the Central Artery/Tunnel Project for, among other things, breach of fiduciary duty, breach of contract, unjust enrichment, and for violations of the Massachusetts False Claims Act, G.L. c. 12, §§ 5B-5O. We believe that the commencement of this lawsuit is a major step forward for the cost recovery process, in part because it will inform the public as to the history of cost estimates for the Big Dig.

I am writing to thank you for the assistance you have provided to the MTA's Cost Recovery Team in this matter. The Team's ability to investigate this issue is due, in no small part, to the help provided by you and your office. It was your office that first alerted the Cost Recovery Team to this issue, both in meetings and in your testimony before the Senate Post Audit and Oversight Committee. In addition, once the Cost Recovery Team began investigating this issue, your office was extremely helpful to us.

We are deeply appreciative of the invaluable assistance provided by you and your office in this important matter affecting the public interest and we look forward to working with you in the future.

Very truly yours,

  
Hon. Edward M. Ginsburg  
Team Leader for Cost Recovery



Operator of the Turnpike, Ted Williams, Sumner and Callahan Tunnels

[www.masspike.com](http://www.masspike.com)