



The Commonwealth of Massachusetts  
Office of the Inspector General

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Mr. William E. McGonagle  
Administrator  
Boston Housing Authority  
52 Chauncy Street  
Boston, MA 02111

Dear Administrator McGonagle:

This letter will serve to summarize the results of the Office of the Inspector General's investigation of allegations of procurement fraud and bid-rigging in connection with the award of Boston Housing Authority (BHA) pest control and painting contracts for the period September, 2004 through September, 2005. The contracts were awarded by the BHA to contractor Walter Colon (COLON), doing business as (d.b.a.) A.W. Pest Control (AWPC), and A.W. Building Services (AWBS).

This office first became aware of the aforementioned allegations upon receipt of a letter dated April 28, 2006 from BHA Senior Contract Attorney Caesar P. Cardozo (CARDOZO). Based upon this communication and a series of meetings and telephonic contacts with CARDOZO and BHA Chief Procurement Officer Daniel R. Casals (CASALS), this office initiated an investigation regarding this matter. I note that for the purposes of this communication the word "bid" was utilized to signify both written bids and verbal quotes.

Initially we learned that the BHA had uncovered potential bid rigging upon review of a \$9,880.00 painting contract for its Washington Street Development. This contract was awarded to COLON in his capacity as the principal of AWBS. The two losing bids for this contract were allegedly submitted by Steve's Painting and Luigi's Painting. Upon contact by CASALS, both losing bidders claimed that the bids were fraudulent and that neither had submitted a bid for that contract.

Prompted by his discovery of fraud on this painting contract, CASALS extended his review to include the award of 26 BHA pest control contracts to COLON in his capacity

as principal of AWPC. In all but one of the 26 bids, Suffolk Building Services (SBS) through its principal, CHRISTIAN CALVO, was one of the losing bidders to COLON. Moreover, a third purported bidder, T-N-T Pest Control (T-N-T), was a losing bidder in nine pest control bids. In one additional instance, I&T Exterminations submitted a losing bid for a pest control award. It is noted that I&T Exterminations utilized the same Revere, Ma address as T-N-T for its one bid.

As a result of this review and the discovery that COLON had a former business relationship with both CALVO and LUIGI ZAPIA, principal of Luigi's Painting, BHA payments to AWPC of \$73,124.00 and SBS of approximately \$3,000.00 were suspended. When confronted by CASALS on the bid award of \$9,880.00 for painting services at the BHA's Washington Street Development, Colon admitted his complicity in the bid rigging. However, COLON disputed the contention of the owners of Steve's Painting and Luigi's Painting that they had no knowledge of this conspiracy. He further attempted to assuage the situation by offering to forego payment due for this contract.

### **INTERVIEWS OF CHRISTIAN CALVO and MANNY ORTIZ**

In December, 2006, CHRISTIAN CALVO, Chelsea, MA, was interviewed at the office of the Massachusetts Inspector General. During the interview CALVO stated that he and MANNY ORTIZ are the principals of SBS. SBS serves as a property maintenance company in the areas of construction, painting, cleaning and pest control for both public and private properties. CALVO oversees the cleaning and pest control aspects of the business, while ORTIZ directs its construction and painting areas. They formed SBS approximately four years ago. Immediately prior to that time, CALVO was employed by the MERRIMACK MAINTENANCE GROUP (MERRIMACK).

Also employed at MERRIMACK at that time was COLON. CALVO believes that COLON had been associated with MERRIMACK for approximately one year as both an employee and a sub-contractor. In the fall of 2002, after approximately six months with MERRIMACK, CALVO resigned and formed SBS with ORTIZ. At some later point, COLON also resigned. Subsequent to their resignations, an agreement was reached between CALVO and COLON that, although CALVO would form SBS solely with ORTIZ to concentrate on property maintenance, SBS would "partner up" with COLON to perform pest control services. This arrangement was made because, of the three, only COLON had a pest control license. CALVO eventually received a pest control license from the Massachusetts Department of Agriculture in late, 2003.

SBS's business arrangement with COLON lasted until approximately the end of 2003 or sometime into 2004. CALVO advised that after his business relationship dissolved with COLON, COLON formed AWPC.

CALVO advised that SBS performed contract services with the BHA both during and after his business arrangement with COLON was terminated. SBS began submitting bids for BHA contracts soon after it formed and eventually was a recipient of awards to perform services for pest control, painting and related maintenance work.

At some point during the fall of 2005, CALVO telephoned the BHA's accounts payable office to determine the status of an approximate \$3,000.00 check owed to SBS. At that time he was told that the payment was "frozen". CALVO was surprised and concerned at this action. CALVO later spoke with BHA property managers at that agency's Whittier and Hyde Park Developments, whose identities he could not presently recall and was told that the BHA was no longer allowed to solicit bids from SBS and AWPC. CALVO thereafter left a message on COLON's voice mail requesting a return call. COLON did not respond to the message.

CALVO advised that to the present time he has no idea why the BHA took the aforementioned action against his company. CALVO stated that he has never been involved in any type of bid-rigging with COLON, or anyone else, concerning the BHA or any other business entity, to include submitting complimentary or courtesy bids. CALVO did state that, on a few occasions after SBS split with COLON, he would telephone COLON to determine if COLON was submitting a bid on a job. CALVO did this because COLON performed services at a much lower cost than SBS and that with any knowledge that COLON was bidding, CALVO would not waste his time in submitting his own bid.

CALVO was informed that, according to BHA records, SBS was listed as a co-bidder with AWPC regarding pest control service orders for 25 of 26 bids submitted during the period of 2004-05. He was further advised that all 26 bids were awarded to AWPC for a total value of \$97,955.25. CALVO denied submitting 25 bids. CALVO also noted that his partner submitted a limited number of bids to the BHA for painting services in this time frame. CALVO could not explain the discrepancy between his memory and the BHA records, but did note that COLON had access to the SBS letterhead during their previous business association.

On February 21, 2007 CALVO and ORTIZ were contacted at their place of business. The purpose of the contact was for CALVO and ORTIZ to review records detailing purported bids submitted by SBS for extermination and painting services at BHA properties.

As previously mentioned, CALVO was responsible for the pest control aspect of SBS's business, while ORTIZ coordinated its painting business. CALVO reviewed BHA extermination purchase order bids covering the period September 1, 2004 through July 28, 2005. He advised that SBS did not submit the bids attributed to his company in 14 of the 25 bids attributed to his business and deemed them to be fraudulent. He stated that, in addition, five of the bids attributed to SBS were questionable. CALVO has no knowledge regarding the circumstances of the submission of the 14 fraudulent bids. AWPC submitted the winning bid on the 14 bids purportedly submitted by SBS with a total dollar amount of \$43,325.00. AWPC also won the bid awards for the five questionable bids, totaling \$5,920.25.

ORTIZ reviewed BHA painting bids attributed to SBS covering the period July 8, 2005

through September 20, 2005. He advised that both BHA painting bids attributed to SBS were fraudulent as SBS did not submit bids for this work. The winning bid in both cases was won by AWPC with a total award for the two bids of \$12,750.00.

The fraudulent bids amounted to \$56,075.00 in awards to AWPC and were comprised of \$43,325.00 for pest control and \$12,750.00 for painting. CALVO and ORTIZ believe that COLON, a former associate with access to the SBS letterhead, is likely responsible for submitting the fraudulent bids. CALVO further noted that in two instances, his signature appears to have been forged.

CALVO and ORTIZ advised they had no knowledge of COLON's apparent involvement in submitting the fraudulent bids and first became aware of its possibility when contacted by this office in December, 2006. CALVO added that he is upset at what appears to be COLON's actions and believes it ironic, in that, due to a much higher overhead, SBS would in most instances be unable to compete with AWPC. Moreover, CALVO noted that SBS had been hurt financially by the BHA by removing his company from an approved vending list. The BHA has also refused to pay SBS approximately \$3,000 for prior services rendered.

### **INTERVIEWS OF ANTONIO MONTES**

In May, 2007, ANTONIO MONTES was interviewed at his place of business. MONTES advised that he was the operator of a pest control entity named T-N-T from approximately 1995 until sometime during the summer of 2003. MONTES displayed his pest control license issued from the Massachusetts Department of Food and Agriculture reflecting an expiration date of December 31, 2003. MONTES stated that after the expiration date of his license, he did no further pest control work nor submitted any bids for same. MONTES added that a chief reason for not renewing his license was that he lost a big contract for pest control services at a non-BHA housing development.

MONTES advised that he bid on one BHA pest control order for its West Dedham Street Housing Development in the South End sometime during the period 2001-03. He did not win the bid, nor has any memory of bidding on any other BHA jobs.

MONTES reviewed copies of BHA bid documents reflecting that he had bid on 10 pest control orders for that agency covering the period 9/1/04 through 7/28/05.

After review, MONTES advised that none of the bids purportedly submitted by him were valid and in fact, on two bids designated BHA orders #1669 and #1686, someone had forged his signature. In addition, MONTES noted that the correct spelling of his business was "T-N-T" and not "T&T", or in one example, I&T, which were the names of the pest control entities submitted on the bids. He did add however that, whoever submitted the bids utilized his current Massachusetts residence on seven of the ten bids and his current cellular telephone on eight of the ten bids. MONTES continued that he would not submit an unsigned bid, which is the case in seven out of the ten bids.

On the morning of May 10, 2007, MONTES was telephonically contacted by this office and advised that another reason he knew the bids in question were not his was that none of the BHA documents reviewed by him on May 9, 2007 matched the paperwork he utilized when operating his pest control business.

MONTES' best memory is that he worked in the pest control business with WALTER COLON in the mid 1990's. After a period of time, MONTES split with COLON as they did not "get along". MONTES stated that, in the past, a pest control business named I&T, which listed MONTES' home address as a business address on one of the BHA bids under review, was owned by COLON. MONTES advised that he never had a conversation with COLON or anyone else regarding submitting BHA pest control bids on his behalf and repeated that he was not in the pest control business after 2003.

### **INTERVIEWS OF WALTER COLON**

In March, 2007, WALTER COLON was interviewed at the Office of the Massachusetts Inspector General. Prior to any questioning, COLON was advised by a Senior Investigator that his presence was voluntary and that he was free to leave at any time. He was further advised that he could refuse to answer any question put to him and that at the conclusion of the interview he would be free to leave regardless of any of his responses. COLON acknowledged the above and thereafter advised that he is co-owner with his wife in AWPC. He began that business in 1993. Prior to that time, COLON was employed as a health inspector for the City of Boston. Sometime around 2005 COLON expanded his business to include painting contracting services. After legal problems emerged between COLON and the BHA concerning suspected bid rigging, COLON ceased providing painting services for customers.

COLON stated that in early 2003 he began a partnership with CHRISTIAN CALVO and MANNY ORTIZ, who were partners in SBS. COLON had been approached by SBS due to the fact that COLON held a commercial pest control license, #41 issued by the MASSACHUSETTS DEPARTMENT of AGRICULTURE. At that time, CALVO and ORTIZ did not have a commercial pest control license, but utilized an applicator's license. At first COLON's financial arrangements called for an even split with SBS, but some months later, his share was reduced to one third. As a result of his reduced share, COLON eventually terminated his business arrangement with SBS in May, 2004. COLON did not obtain a written agreement during his business relationship with SBS.

COLON advised that in the early fall of 2005, he was contacted by DAN CASALS and CAESAR CARDOZO, whom COLON identified as officials of the BHA. COLON had regularly performed pest control services for the BHA. The contact concerned the BHA's belief, espoused by CASALS and CARDOZO, that COLON and SBS were involved in a big rigging scheme relative to the award of BHA pest contracts. COLON continued that the BHA officials held this belief due to the fact that COLON allowed SBS to utilize his (COLON's) pest control license on bids SBS submitted to the BHA. COLON acknowledged that some of the SBS bids were submitted along with independent bids from AWPC for pest control services. As a result, COLON conceded

that the bids reflecting COLON's pest control license on both bids would support the BHA suspicions. COLON advised that, although he made a mistake in allowing SBS to utilize his license, he was in no way involved in any type of bid rigging scheme and claimed his innocence to CASALS and CARDOZO in person.

COLON advised that, while associated with SBS, he shared space with CALVO and ORTIZ and had access to all business files and SBS letterhead. He did not have access to any SBS funds.

During the interview COLON reviewed twenty-six (26) pest control and three (3) painting contracts awarded to AWPC by the BHA. After review, COLON advised that all the AWPC bid awards were obtained by submitting legitimate bids and that at no time did he collude with anyone to win the bids. COLON maintained this position throughout the interview. COLON's denials were in contrast to information provided to this office by CASALS indicating that COLON had admitted to him that he had won the painting award of \$9,800.00 for the Rockland Apartments after colluding with the other bidders. These other bidders who submitted higher bids were identified as STEVE's PAINTING and LUIGI's PAINTING.

COLON identified T-N-T, a third bidder on nine (9) of the BHA pest control bids as a business operated by ANTONIO MONTES. COLON advised that approximately five to seven years ago, he performed pest control services as a subcontractor on a large contract MONTES had been awarded in the Cape Cod area.

COLON also identified LUIS ZAPIA as a friend from Argentina who also bid on a few BHA painting contracts. In regard to the painting bids previously reviewed by COLON, he advised that he asked ZAPIA to submit a bid after James McCarthy, a manager of a BHA Charlestown development asked if he knew any other painting contractors interested in submitting a bid on a BHA job. COLON reiterated that he never colluded with ZAPIA or anyone else in regard to price fixing on bids at any time.

COLON advised that AWPC is owed approximately \$80,000.00 in payments suspended by the BHA.

COLON was advised that CALVO has claimed that 14 of the 25 BHA pest control bids attributed to SBS were fraudulent. In addition, COLON was advised that CALVO claimed that neither of the two painting bids purportedly submitted by SBS was deemed legitimate. COLON could not provide any information concerning who could be responsible for submitting fraudulent bids and claimed that his fingerprints would not appear on any other bids, but his own.

In May, 2007, COLON was reinterviewed at the Office of the Massachusetts Inspector General.

Prior to the initiation of any questioning, COLON advised that he had some recent health issues, but was presently feeling fine. At that point, he was asked by a Senior

Investigator if he still wished to sit for the interview. COLON agreed to be interviewed. COLON acknowledged that his presence was voluntary and was told that he was free to leave at any time. COLON was further advised that he did not have to answer any question that he did not wish to answer and that, should he incriminate himself during the interview, he would be free to leave the office at its conclusion. COLON was also informed that he was not in a custodial situation.

COLON acknowledged the above and reiterated his desire to proceed with the interview. At this time COLON was advised by a Senior Investigator that it was the opinion of the interviewing investigators that he was not candid during his prior interview. COLON was further advised that the OIG had interviewed BHA personnel, CAESAR CARDOZO and DAN CASALS along with contractors CHRISTIAN CALVO and MANUEL ORTIZ of SBS and ANTONIO MONTES, formerly doing business as T-N-T. COLON was told that all of the aforementioned contradicted statements made by him during his March, 2007 interview. At this time, COLON asked the interviewing investigators if he needed a lawyer. He was told that the OIG could not offer him legal advice and it was reiterated to him that he was free to leave the office if he wished. COLON advised that he wished to continue the interview and stated as follows.

COLON advised that some time after receiving pest control work from the BHA, JAMES MCARTHY, a Manager of a Charlestown Housing Development, asked him to obtain additional bids from other pest control companies. As a result, COLON spoke by telephone with CALVO of SBS and MONTES of T-N-T. According to COLON, both CALVO and MONTES agreed to allow COLON to submit fraudulent pest control bids in the names of their businesses. Specifically, in CALVO's case, COLON submitted bids to the BHA by utilizing SBS letterhead. In the case of MONTES, who no longer was actively involved in the pest control business, COLON generated the bids without utilizing TNT letterhead.

COLON further acknowledged that on one of the fraudulent T-N-T bids, BHA# BR1307, he incorrectly typed the acronym, I&T rather than T&T, which he incorrectly believed was the proper spelling of MONTES' business. In fact, it was disclosed to COLON by a Senior Investigator that he had in all cases of submitting fraudulent T-N-T bids, other than the one instance of using the name I&T noted above, similarly misspelled the proper name of MONTES' business. In the case of the I&T bid submission, COLON admitted that I&T was a pest control entity he formerly operated and named after his children, ISSIAH and TAMMY. The bid utilizing I&T did however reflect T-N-T's business address and telephone number

In total, COLON admitted that he submitted six or seven fraudulent bids to the BHA for pest control contracts. COLON advised that after fabricating the bids, he would hand deliver his bid. He further advised that he would submit the fraudulent SBS and T-N-T bids either by mail or facsimile to the BHA.

A Senior Investigator reviewed with COLON the 26 BHA pest control bids awarded to AWPC. COLON specifically identified six bids that were fraudulent. The value of the

six fraudulent bids was \$21,018.00. COLON claimed that the three BHA painting bids won by AWPC and AWBS were legitimate. COLON admitted allowing co-bidder ZAPIA, with whom he also had an intermittent business relationship, to utilize his computer and office supplies in connection with the painting bids. COLON stated that he never knew what ZAPIA's bid amount would be and that his brother, IVAN SOTO delivered AWPC's painting bids to the BHA.

### **INTERVIEWS OF BHA PERSONNEL**

In August, 2007, JAMES R. MCCARTHY, Assistant Director of Property Management, Elderly/Disabled Housing program, Boston Housing Authority (BHA) was interviewed at his office.

MCCARTHY advised that he began his employment with the BHA in September, 1999. During the first half of 2005, MCCARTHY served as a Systems Manager at the BHA's Charlestown Development. In that capacity, he chiefly served as a liaison between the BHA and United States Department of Housing and Urban Development. It was while in this assignment that he first met COLON.

MCCARTHY next viewed copies of four (4) BHA pest control purchase orders. They are identified as CH1601, CH1609, CH1669 and CH1686. The amounts of the orders were \$2,400.00, \$2,500.00, \$3,600.00 and \$1,000.00, respectively. All of the orders were won by COLON. After review, MCCARTHY advised that he had no memory of participating in any manner in the solicitation or awarding of the bids in question. He speculated that BHA employee, JOHN FROST, whom at that time was the Maintenance Superintendent at the Charlestown Development, would be the most likely person to have been involved in the solicitation/award of these purchase orders and have had direct contact with vendors.

Although he had no memory of any direct dealing with COLON concerning pest control purchase orders, MCCARTHY recalled that COLON had a business relationship with CHRISTIAN CALVO, owner of SBS. MCCARTHY believes that COLON and CALVO had some sort of falling out. MCCARTHY further stated that on occasion, he utilized the services of SBS, but discontinued the BHA business relationship with that entity when he determined that SBS did not have its employees properly licensed to apply pesticides.

MCCARTHY advised that he did utilize Colon's painting services at the Amory Housing Development in the summer of 2005 after COLON won a bid to perform these services. MCCARTHY further recalled that prior to the bid award, he asked COLON if he knew of any other painting contractors that would be willing to submit bids for BHA work. COLON thereafter supplied MCCARTHY the names of a few painting contractors. MCCARTHY could not identify these individuals, but stated that he met them separately to discuss potential BHA painting jobs. He further recalled that in regard to the Amory purchase order, COLON and a second bidder personally brought their bid in to him, while the third bidder left his bid in his office when MCCARTHY was out. MCCARTHY

does not maintain any records relative to this purchase order and believes that these records are maintained at the BHA's main office in Boston, MA.

MCCARTHY was not aware of any wrong-doing on the part of COLON or anyone else concerning the bidding process on the bids won by COLON. MCCARTHY further stated that he was never involved in any illegal or unethical behavior relative to any aspect of BHA bidding procedures.

MCCARTHY noted that COLON visited the Amory Housing Development on Friday, August 3, 2007. MCCARTHY was not in his office at that time, but was left a message by COLON that everything was ok and he, COLON, could go back to work for the BHA.

MCCARTHY advised he has in the past communicated with CASALS, Chief Procurement Officer for the BHA regarding allegations of bid rigging by COLON. MCCARTHY is aware that COLON has been removed from the BHA's approved vendors list and is not allowed to bid on any BHA work. MCCARTHY also noted that CASALS has implemented much tighter controls to prevent bid rigging involving BHA contractors.

In August, 2007 WANDA ROLDAN, Boston Housing Authority (BHA), Property Manager, Old Colony Development, was interviewed at her place of employment. Also present during the interview was CHARLINE WALKER, ROLDAN's assistant.

In connection with the purpose of the interview, ROLDAN reviewed a copy of BHA pest control purchase order BR1307. The order was awarded to AWPC in the amount of \$1,045.00 for pest control services at the BHA's West Broadway Development. ROLDAN's signature appears on the authorization line for this order. After review, ROLDAN advised that she was familiar with the order in question in a general sense, but has no specific memory of any details concerning the bid solicitation or award. She was familiar with COLON from contracting services performed by his company. She was not aware that a second bidder for the purchase order, I&T EXTERMINATIONS was also owned and operated by COLON. ROLDAN advised that if she had been aware of that fact, she would have suspended the bidding process and rebid the order with different contractors.

At the time that BR1307 was awarded, bids were submitted by facsimile or telephone. Currently, the BHA has instituted much stricter procedures in soliciting and awarding purchase orders to vendors.

In July, 2007 KELLIE BURGESS, Property Manager, Charlestown Development, Boston Housing Authority (BHA), was interviewed at her place of employment.

During the interview BURGESS reviewed four (4) purchase orders awarded to AWPC covering the period January 3, 2005 through April 15, 2005 for pest control services performed at the Charlestown Development. The purchase orders are identified as CH1601, CH1609, CH1669 and CH1686. The amounts of the orders were \$2,400.00,

\$2,500.00, \$3,600.00 and \$1,000.00, respectively. Losing bids were also submitted by T-N-T and SBS. For this review, BURGESS retrieved corresponding copies of these orders maintained in her files.

After reviewing the aforementioned purchase orders, BURGESS confirmed that she authorized the approval of the bid awards to AWPC, but could not recall the details of the bid process pertaining to them. BURGESS noted that GEORGE MCGRATH, a former BHA Regional Manager signed the purchase order as the second authorized signatory. She advised that the overall handling of the bids in question, which would entail direct interaction with the bidders, was the responsibility of her subordinates. Depending upon the date of the purchase order, BURGESS identified her subordinate in these matters to be either, JAMES MCCARTHY, Program Maintenance Superintendent or JOHN FROST, Superintendent Region-1. This differentiation is made in view of the fact that both individuals performed these duties in the past and her memory is not clear to make a definitive statement as to which individual was involved in processing the pest control bids. BURGESS also noted that then BHA Regional Manager, GEORGE MCGRATH would sign as a second approval.

In regard to the solicitation of the bids, BURGESS advised that either MCCARTHY or FROST would have direct contact with the bidders. Their duties would include soliciting bids from appropriate vendors, packaging documents for presentation for approval and participating in possible on-site visits by the prospective vendors to determine job requirements. Upon presentation to her for approval, BURGESS would assume that the proper due diligence was performed in the bid process. BURGESS advised that three bids were required for the proposals in question and that, in general, most bids were submitted by facsimile.

BURGESS acknowledged that none of the SBS bids in question were either signed or dated by anyone from that business. She also acknowledged that two of the four bids purportedly submitted by T-N-T were also not signed. She advised that, at that time, she was unaware of any BHA policy requiring that proposals be signed by a representative of the submitting business. BURGESS further stated that the BHA has currently instituted new procurement policies that require that proper protocol be followed in the bid process. She displayed a copy of the new BHA purchase orders.

BURGESS noted that she was aware that COLON was the principal of AWPC, but was not satisfied in his performance for the BHA. She recalled speaking to FROST concerning her displeasure with his work.

She advised that changes have been instituted in the BHA's utilization of pest control vendors. These vendors now must meet Integrated Pest Management Specifications. The improvements in this regard were a collaborative effort between the BHA and pest control companies. Prior to the adoption of the specifications, vendors would often submit proposals that did not match the requested service.

In August, 2007, JOHN FROST, Maintenance Superintendent-I, Boston Housing

Authority, Old Colony Development, South Boston, MA 02127 was interviewed at his place of employment.

He advised that his current supervisor is WANDA ROLDAN, Manager of the Old Colony Development. FROST's prior position was at the BHA's Charlestown Housing Development where he also served as a Maintenance Superintendent.

FROST next viewed copies of the four (4) BHA pest control purchase orders awarded to WALTER COLON, d.b.a. AWPC CONTROL during the first half of 2005. These orders were identical to the orders reviewed by MCCARTHY and BURGESS during their respective interviews. FROST had no memory of the pertinent purchase orders and could not provide any information relative to them. FROST advised that his area of responsibility did not include the issuance of, or the awarding of pest control bids to BHA vendors. He believes that former Charlestown Manager, JAMES MCCARTHY would have been responsible for such bids. FROST based his assertion on his belief that MCCARTHY coordinated the development's Integrated Pest Management program. He stated that MCCARTHY appeared to him to be on a friendly basis with COLON.

FROST advised that his involvement in pest control was limited to receiving work orders from BHA staff or documenting tenant complaints regarding pest problems. On occasion, FROST would walk the pest control contractor through the areas or apartments that required servicing, but reiterated that he had no dealings in awarding any orders.

FROST was aware that COLON had a prior business relationship with SUFFOLK BUILDING SERVICES, another pest control contractor.

FROST is unaware of any illegal or inappropriate conduct between COLON and any employee of the BHA.

In September, 2007 JOAN SHEA, Manager, Boston Housing Authority (BHA), Cathedral Housing Development, was interviewed at her place of employment.

SHEA was shown copies of three (3) BHA purchase orders identified as #FF0681, #FF0756, and #FF0775. The purchase orders were in the amounts of \$5,107.00, \$5,668.00 and \$1,400.00 respectively and represented bid awards to AWPC. SHEA has no specific memory of any of the three bid awards. She was unaware of any bid rigging in connection with the bids and would have reported COLON to BHA authorities if she became aware of such illegality

SHEA was unaware that T-N-T, one of the bidders on #FF0756 was not in business at the time of the bid and that the owner, ANTONIO MONTES, denied ever having bid for this order. SHEA is not familiar with MONTES. SHEA does not remember if COLON personally dropped off the bids for the three purchase orders. SHEA became aware of COLON through SBS, the purported losing bidder of the three purchase orders. SHEA advised that she was dissatisfied with COLON's work and would not use his services

again.

In September, 2007 PATRICIA MCMICHAEL, Manager-II, Boston Housing Authority (BHA), Mary Ellen McCormack Development, South Boston, Ma was interviewed at her place of employment. MCMICHAEL advised that she knows COLON, owner of AWPC from contact with him while she was assigned to the BHA's West Newton Street and Cathedral Housing Developments. She may have first met him in connection with an emergency bed bug situation. MCMICHAEL's opinion of COLON was that he exhibited poor responsiveness and performance while performing pest control services at those projects.

MCMICHAEL viewed a copy of BHA purchase order #WN0428 which reflected a bid award to COLON for pest control services in the amount of \$1,400.00 at the West Newton Street Development. COLON won the award over bids from SBS and T-N-T. She believes that BHA employee, JOANNE MOORE, had more interaction with COLON on this order. MCMICHAEL believes that the losing bidders, SBS and T-N-T may have been referred to her by MOORE. She also stated that the bids were either mailed or faxed. She has no additional specific memory of the bid. She is unaware of any fraud concerning the bid. She noted that the BHA's procurement practices have been tightened in the past few years. She could offer no further information.

In July, 2007 PATRICIA BARRY, Property Manager, Franklin Hill Apartments, Boston Housing Authority (BHA) was interviewed at her place of employment.

BARRY advised that she has held her present position at the BHA for over two years. Prior to her current assignment, she served in a management capacity at the Maverick Housing Development (MHD) in East Boston during the period 2001 to April, 2005. While employed at the MHD, BARRY met COLON, owner of AWPC in connection with COLON submitting proposals for pest control work at that location.

BARRY admitted that she provided COLON with information on a competitor's bid on two occasions during her tenure at the MHD. She explained that, at that time, these bids represented the lowest bid for two purchase orders. As a result, COLON submitted his bids for a lesser amount than the other bidders and was awarded the contracts. BARRY was unable to provide more specific detail concerning these bids. BARRY stated that she gave the inside information to COLON because he provided quality services and that she personally liked him.

Upon request, BARRY reviewed five (5) BHA purchase orders which were awarded to AWPC during the period June-July, 2005. The orders are identified as FH01061, FH01085, FH01086, FH01092 and FH01103. The amounts of the orders were \$1,800.00, \$2,800.00, \$5,250.00, \$400.00 and \$9,000.000, respectively. The losing bidders for these orders included SBS on all five of the bids and T-N-T on three of the five bids.

BARRY advised that she only had a recollection of two of these purchase orders. She

recalled that COLON personally delivered his bid to her for PO FH1061 in the amount of \$1,800.00 along with the bid for SBS. BARRY admitted that she was aware of some type of business relationship between AWPC and SBS, but could not elaborate as to its extent. BARRY accepted the two bids without question, despite being cognizant of a business relationship between the two. The second bid she was able to recall was FH01092. BARRY stated that as the order was for under \$400.00, she did not have to solicit bids. She added that as she viewed COLON as a reliable and good contractor, she awarded AWPC the bid.

BARRY was advised by a Senior Investigator that CALVO, owner of SBS and MONTES, former owner of TNT denied submitting any proposals for the orders in question. She was further advised that MONTES had dissolved his pest control business at the end of 2003 and could not have submitted any of the bids attributed to T-N-T. In response to this disclosure, BARRY stated "I think he swindled me", referring to COLON. She further advised that, although she was aware of a business relationship between AWPC and SBS, she believed that at all times in question, SBS had submitted a legitimate bid. She could not explain the existence of the T-N-T bids.

### **CONCLUSIONS AND RECOMMENDATIONS**

It has been established through investigation documented herein that COLON through his ownership in AWPC and AWBS perpetuated a fraudulent bidding scheme from the summer of 2004 until the fall of 2005. This scheme resulted in COLON winning approximately \$120,585.25 in pest control and painting contracts for a multitude of BHA developments. Although COLON claimed that the principals of SBS and T-N-T were aware of and acquiesced to COLON submitting "courtesy bids" in the name of each respective company, this office affords higher credibility to the statements made by CALVO, ORTIZ and MONTES. These statements deny COLON's claim of their complicity in the bid rigging scheme and point to a significantly higher number of fraudulent bid awards than those admitted to by COLON. This belief is bolstered by the fact that COLON deliberately lied to investigators of this office when first interviewed.

This investigation discovered no evidence reflecting any criminal activity on the part of any BHA employee involving the bids in question. However, we note that COLON's scheme could have been detected much earlier in the process had any of the BHA personnel who interacted in the bidding process done a modicum of background checks to establish the bonafides of the bid proposals. Most glaring is the fact that, based upon the statements made by MONTES, any corroboration attempted to confirm the legitimacy of his company's bids would have revealed that none of the proposals submitted under his letterhead were legitimate. Similarly, any attempts to corroborate the bids allegedly submitted by SBS, would have also revealed COLON's scheme prior to the issuance of any awards. We also note that there were multiple instances of the acceptance by BHA personnel of unsigned and undated bids purportedly submitted by SBS and T-N-T. These omissions should have been another signal of impropriety when viewed by the pertinent reviewing personnel.

In at least one bid situation, COLON, according to a BHA Housing Manager, delivered his own bid and the bid of a purported competitor to her for contract services. She accepted both bids without question and admitted that she was aware of a prior business relationship between COLON and the other bidder. This was a “red flag” that collusion was present and should have triggered more diligent efforts on her part to review the legitimacy of the bid. Instead, the official ignored the common fraud indicators and issued the contract to COLON without objection or inquiry. Further, this official admitted to providing COLON inside information in two bidding situations which allowed him to submit lower bids and win the contract awards. This conduct is clearly inappropriate and unacceptable.

This office presented the evidence gathered in this investigation to the United States Department of Justice, Antitrust Division and the Office of the Massachusetts Attorney General. Both offices declined to prosecute COLON. One reason for the declination involved the lack of economic loss to the BHA due to the prudent steps taken by BHA officials CARDOZO and CASALS when they first suspected COLON of fraudulent conduct. These steps included the suspension of payments to COLON. A second reason concerned the lack of evidence of corruption on the part of any employee of the BHA, i.e., a “quid pro quo.”

This office would like to recognize the outstanding efforts exhibited by BHA officials CARDOZO and CASALS in discovering the bid rigging scheme and believe that without their diligent efforts, COLON’s illegal actions would never have come to light. In addition, this office has learned from contact with CARDOZO and CASALS that the BHA has taken positive steps to preclude such illegal bid rigging from happening in the future. Some of these measures include the BHA conducting more in-depth background checks on prospective contractors which result in their placement on an approved BHA vendor system. A further control is that only the BHA Accounts Payable Supervisor is allowed to add a contractor to the vendor list. Contractors included on the BHA vendor list must provide references, proof of insurance and submit the proper Internal Revenue Service W-9 tax forms.

In order to prevent further problems of this nature, this office recommends that:

- The BHA should continue to utilize state wide procurement contracting where practical.
- The BHA should consider utilizing a long term contract to address the pest control needs for the entire Authority, rather than a piecemeal approach, where each BHA development solicits its own bids for their pest control needs. We believe this approach would be more cost effective and efficient.
- Only BHA employees with proper delegated authority should be involved in BHA procurement duties. MGL 30B provides that only BHA employees with delegated authority may conduct purchasing for supplies and

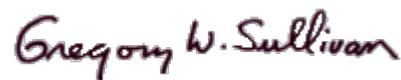
services, including pest control. It is noted that, in order for a delegation of authority to be effective, it must be on file with the Inspector General's Office. Presently, this office possesses no such record. In addition, the BHA's delegation of procurement authority should be conducted in conjunction with the BHA's provision of basic procurement training. The law department should issue guidelines and provide training to procurement personnel, including identification of the "red flag" issues that were present in this case study: one contractor delivering the bid of a competitor; acceptance of unsigned and undated bids. Such practices should, on their face, be prohibited at the BHA and if attempted should be grounds for mandatory reporting to the law department.

- Please be aware that comprehensive training is also available is through the Inspectors General's Massachusetts Certified Public Purchasing Official Program. Additional information is available on our website @[www.Mass.gov/IG](http://www.Mass.gov/IG).

In closing, we note that the issuance of this letter was delayed due to a parallel investigation involving BHA carpeting contracts which resulted in the indictment of former BHA employee MARK COLLINS in the fall of 2008 by the Massachusetts Attorney General's Office.

This office would like to reiterate its appreciation for the professionalism and cooperation exhibited by BHA officials CARDOZO and CASALS during our investigation of this matter. We reiterate that, without their efforts, the discovery of COLON's criminal conduct would not have been discovered. We look forward to any future cooperative efforts and will gladly provide our assistance should it be requested in the future.

Sincerely,



Gregory W. Sullivan  
Inspector General