CONSTRUCTION INTEGRITY MONITORING PROGRAM

For decades, the potential for wrongdoing in the construction industry has required careful vigilance by developers and owners. In schemes too numerous to catalogue, some unscrupulous contractors have lined their pockets. They have overstated the quantity of work performed, or billed for work not performed at all. They have falsely certified important official documents in conjunction with minority hiring programs or even “Buy American” requirements. Their schemes have been limited only by their creativity and the result has been predictable: economic and reputational damage to owners and developers in the public and private sectors.

The Construction Integrity Monitor was born approximately 25 years ago in New York State. Initially deployed in connection with public-sector work, these monitors were independent professionals tasked with ensuring that a particular contractor or the companies involved in an entire project behaved ethically and followed the law. The goal of the monitor was to deter fraudulent activity in the first instance, or to uncover it in its early stages, while it could still be remediated easily and before it grew into a full-fledged scandal. Because the integrity monitor was assigned to the entire project, the contractors, subcontractors, suppliers, and workforce on the construction site were all within their purview.

Today, this model is used in both the public sector (for example, One World Trade Center) and private sector (for example, the new Yankee Stadium), and has spread outside of New York. The state of New Jersey has approved legislation in the way of the Integrity Oversight Monitor Act (N.J. P.L. 2013, Chapter 37), for all post-Super Storm Sandy rebuilding projects exceeding of $5 million. Interest in monitors is also increasing globally, from firms who place a high value on their brand, but need to operate in regions where corruption and fraudulent building practices are widespread. In such circumstances, an Integrity Monitor can serve to protect the value of the brand and the reputations of the project’s executives, as well as the project’s budget.

THE EXIGER DIFFERENCE

Exiger’s Construction Integrity Monitoring Program (CIMP) is dedicated to deterring fraud, waste, and abuse at construction sites. We achieve this mission by employing skilled investigators, forensic engineers, forensic accountants, and project managers— all of whom have years of experience detecting and addressing the multitude of fraudulent schemes that can infect construction projects.

Exiger’s competitive edge over other firms lies in the decades of experience of our in-house management team and our field personnel.
in investigating and monitoring residential and commercial construction projects for both the public and private sectors. This experience includes recognizing, detecting, deterring, and even prosecuting the myriad fraudulent schemes that are possible in the construction industry. The deep experience of our team as monitors also allows us to analyze compliance programs and design state-of-the-art controls to block opportunities for fraud and wasteful conduct.

Exiger’s experts include some of the most knowledgeable professionals in the industry. The program is overseen by Chris Prather, a former prosecutor who served as the Director of the New York State Organized Crime Task Force (OCTF) and led numerous investigations into the New York construction industry and labor racketeering. The group also includes several highly-experienced former federal and state prosecutors with deep experience in construction fraud, labor racketeering, public corruption, and organized crime. Exiger’s forensic accountants, led by a CPA and former FBI agent with longstanding experience in investigating construction frauds involving organized crime and corrupt union officials, have specialized construction auditing expertise. Many of our investigators are also former law enforcement officers, and our forensic engineers have years of experience working as part of an integrity monitoring team on some of the largest construction sites in New York City. Overall, the CIMP is supported by Exiger’s executive management, which is comprised of some of the most experienced monitoring talent in the world, all of whom can be called upon in the appropriate case.

Exiger’s methodology for Construction Integrity Monitorships – proven effective over many years – places key emphasis on maintaining a physical presence on construction sites. Having a skilled, experienced team of forensic engineers and investigators on site not only deters fraudulent activities, but also allows for early detection of such activities before they can grow into full-fledged scandals. Our monitoring teams are there to make sure the project succeeds, and we have found that early intervention often solves small problems before they become big ones.

PROFESSIONAL EXPERIENCE: Following are highlights of construction monitoring and investigating projects undertaken by Exiger personnel, either at Exiger or at previous firms:

HURRICANE SANDY RELIEF PROGRAM AND STORM HARDENING

In one of the largest repair projects ever monitored by the City of New York, the Exiger CIMP is currently implementing a construction integrity monitoring program to oversee the New York City Housing Authority’s (NYCHA) expenditure of nearly $3 billion in federal disaster relief funds for repairs following the devastation inflicted on New York City’s waterfront by Super Storm Sandy. The project spans more than 33 housing projects in Brooklyn, Queens, Staten Island, and Manhattan. It is expected to last four years and involves Exiger’s executives, project managers, investigators, forensic engineers, and forensic accountants.

NYCHA BOND B PROGRAM

NYCHA previously received $500 million in federal funds to repair the roofs and facades of more than 400 residential buildings located in 25 housing projects across the five boroughs. A member of the Exiger CIMP was the Project Manager for the Integrity Monitor on this endeavor while at a previous firm. The monitorship uncovered numerous labor racketeering schemes and other fraud and waste, which led to successful criminal prosecutions and monetary recoveries for defrauded workers, as well as millions of dollars in contract credits for NYCHA.
**PROCUREMENT OF THE NEW TAPPAN ZEE BRIDGE**

This multi-billion dollar endeavor was undertaken by the New York State Thruway Authority as its first ever design-build project. A member of Exiger’s CIMP, at a previous firm, was assigned as the Project Manager for the Monitor retained to protect the integrity of this complex procurement. The monitor team monitored compliance with the data protection and confidentiality protocols designed to protect each bidder’s proposal, as well as with the procedures set up by the procurement team to ensure that the procurement was conducted in a fair and impartial manner.

**MADISON SQUARE GARDEN**

From 2011 through 2013, the Madison Square Garden Company, a privately held corporation, conducted a one-billion dollar renovation of the Madison Square Garden, the most expensive arena renovation in history. A Managing Director of Exiger, while at a previous firm, directly oversaw the integrity monitorship of the construction, which was responsible for curbing fraud and waste on the project. He also oversaw the vetting process for subcontractors and ensured compliance with state and federal laws governing wages and employment conditions.

**LOCALS 14 AND 15**

Two Managing Directors at Exiger, while at the OCTF and the FBI, respectively, conducted joint investigations into the Italian Organized Crime extortionate control over two of the most powerful labor unions in New York City, the International Union of Operating Engineers, Locals 14 and 15. These investigations led to federal RICO indictments, and the ultimate conviction of 50 members and associates of the Genovese and Colombo organized crime families and the head of both unions. Local 14 was required to appoint a federal monitor, while Local 15 proactively appointed an internal monitor.

**GAMBINO FAMILY**

A Managing Director at Exiger led a 5-year investigation while at OCTF that resulted in the RICO indictment, arrest, and conviction of more than 60 members and associates of the Gambino organized crime family, including the acting boss, underboss, and consigliere. The indictment centered on the family’s control over a segment of New York’s construction industry, and the murders committed in furtherance of that control. Corrupt construction industry and union officials were also charged as part of this massive prosecution.

**UBCJ RICO**

A Managing Director at Exiger, while with the FBI, led a multi-year investigation into the United Brotherhood of Carpenters and Joiners (UBCJ) in New York City. This investigation led to a 29-count RICO indictment, and ultimate convictions, of the Head of the UBCJ and his Business Agents who, in return for bribes, assisted union contractors in avoiding full payment of union wages and benefits to many union carpenters.

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**ABOUT EXIGER**

Exiger is a global regulatory and financial crime, risk, and compliance firm. Exiger arms financial institutions and multinational corporations with the practical advice and solutions they need to prevent compliance breaches, respond to risk, remediate major issues, and monitor ongoing business activities. Exiger was initially launched to lead the court-appointed monitorship of HSBC, the largest, most comprehensive monitorship to date. Exiger works with regulators in the U.S., UK, and around the world to evaluate the effectiveness of HSBC’s money laundering and sanctions compliance controls across its approximately 6,000 offices operating in nearly 70 countries. In addition to its monitorship engagements, Exiger works with clients worldwide to assist them in effectively managing their critical compliance challenges while developing and implementing the policies, procedures, and programs needed to identify and avoid them in the future. Exiger has offices in New York City, Hong Kong, London, Silver Spring, Singapore, and Toronto. For more information, please visit: www.exiger.com

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