



**Investigative Report**

**U.S. Department of Labor  
Office of Inspector General  
Office of Investigations**

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Subject  EAGLE MANAGED SUBCONTRACTORS (EMS)	Violation Character	File No.	40-0469-0028
	8 USC 1324,	Report Type	CLOSING REPORT
	18 USC 1341	By	SA _____ <i>TC</i>
	18 USC 1956	At	ATLANTA, GEORGIA
	18 USC 371	Date	3/3/07
		Approved By	<i>[Signature]</i>
		Reviewed By	<i>[Signature]</i>

Distribution

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Case File

**SYNOPSIS OF INVESTIGATION**

1. On or about July 18, 2003 AUSA Paul Monnin, Northern District of Georgia requested agents from IRS, DOL-OIG, and DOL-WHD to assist in an on-going investigation of federal contract fraud at Fort Leonard Wood and FE Warren Air Force Base, Cheyenne, Wyoming by Eagle Managed Subcontractors, a Georgia Corporation. Monnin also requested the agents determine the relationship of Managed Subcontractors, International to EMS and \_\_\_\_\_ *TC*

2. The Atlanta DOL-WHD office previously investigated EMS for potential FLSA violations in 2000. The DOL-WHD investigation revealed the following: EMS supplied illegal aliens to general construction contractors for a fee and EMS claimed each of its workers were independent contractors and did not withhold taxes. The DOL-WHD investigation showed EMS's annual revenues had exceeded \$10,000,000 per year in 1999 and 2000 and EMS maintained that it did not supply employees, but only "independent contractors" on the construction contracts.

3. In September, 2003, AUSA Monnin requested SA \_\_\_\_\_ and WHD Investigator \_\_\_\_\_ to conduct a trash cover of Eagle Management Subcontractors. Over the course of a year, the following records were recovered: Invoices for billable hours to construction companies, employee applications in English and Spanish with attached copies of driver's licenses, social security numbers, and I-94's, contract proposals, spreadsheets for billable hours for construction work and housekeeping, multiple and frequent letters, overnight mail deliveries and faxes between EMS/CSI and MSI, account receivable and accounts payables, general ledgers, employee handbooks, employee check stubs, management calendars, and EMS/MSI communications with out of state law firms regarding on-going lawsuits for EEOC violations and Workers Compensations claims. *TC*

4. Any of the above records with social security numbers were given to SSA-OIG to verify employee/contractor names and SSN's. SSA-OIG found over 80% of all SSN's was either invalid or issued to a different person.

5. On July 16, 2004, DOL-OIG and ICE agents directed CI's to enter EMS's office and to seek employment by EMS. The CI's obtained employment application packets, a blank I-9 form (Employment Eligibility Verification), and blank W-4 and G-4 forms relating to federal and state

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income tax withholding. The sources were told EMS had not required SSN's from its workers in the past, but was now requiring SSN's of its applicants.

6. On August 3, 2004, ICE, SSA-OIG and DOL-OIG special agents conducted a second undercover operation at EMS; utilizing the same CI's. The CI's were once again told to get a Social Security card from Plaza Fiesta on Buford Highway. The CI's were introduced to another EMS employee, \_\_\_\_\_ 1c  
\_\_\_\_\_ told they needed a Social Security card.

7. Writer conducted investigative work on \_\_\_\_\_ and determined \_\_\_\_\_ uses 2 SSN's: \_\_\_\_\_ and \_\_\_\_\_ SSA-OIG confirmed that SSN \_\_\_\_\_ was never authorized by the SSA and SSN \_\_\_\_\_ was issued to an individual named \_\_\_\_\_ in May 1969. 1c

8. Given the passage of time from the first CI operation at EM, a second CI operation was conducted at EMS's office on January 15, 2005 by ICE and DOL-OIG agents. The CI asked for a job in Spanish and was taken to the office of \_\_\_\_\_, later identified as \_\_\_\_\_, an \_\_\_\_\_ 1c  
\_\_\_\_\_ gave the source an employment application in Spanish and highlighted the parts the source was to complete. The CI was told that he needed a green card and Social Security card to work at EMS. The CI was told it would cost about \$100, that it would take about 3 hours to obtain the documents and to bring the cards back to EMS

9. On August 16, 2005, agents from Immigration and Customs Enforcement (ICE), Social Security OIG, Internal Revenue Service-CID, United States Postal Inspection Service(USPIS), United States Secret Service(USSS), Defense Criminal Investigative Service (DCIS), Joint Terrorism Task Force(JTTF), National Insurance Crime Bureau(NICB), United States Department of Labor-Wage and Hour Division, and OLRFI served a search warrant at the business address of EAGLE MANAGED SUBCONTRACTORS, aka CONSTRUCTION SERVICES, INC., 3805 Presidential Parkway, Suite 106, Atlanta, Georgia. Over one hundred and nine boxes of records were seized by agents including government contracts, payroll records, I-9 and fraudulent driver licenses, social security cards and green cards. Information obtained at the search site indicates EMS had contracts at 15-20 military installations and numerous government contracts including the recent construction of the FBI's headquarters in Birmingham, Alabama.

10. On August 31, 2005 writer and SA \_\_\_\_\_ interviewed \_\_\_\_\_ a \_\_\_\_\_ 1c  
\_\_\_\_\_ started at \_\_\_\_\_ and left in \_\_\_\_\_ said \_\_\_\_\_ and \_\_\_\_\_ told \_\_\_\_\_ to fraudulently certify the I-9 forms of the applicants.

11. October 11, 2005 \_\_\_\_\_ telephone \_\_\_\_\_, email address: \_\_\_\_\_ Was 1c  
interviewed by a number of the case agents. \_\_\_\_\_ said EMS knew of the problems with the SSN on the 1099s as they received information for a number of years: \_\_\_\_\_ said \_\_\_\_\_ spoke to \_\_\_\_\_ each year about the problem of bad SSN numbers coming back when filing the 1099.

12. \_\_\_\_\_ was asked why the company changed form EMS to CSI. \_\_\_\_\_ said \_\_\_\_\_ 1c  
wanted to get away from 1099's and any DOL issues on having to pay overtime. \_\_\_\_\_ said \_\_\_\_\_ felt an employee base was more appropriate but more expensive to his clients. \_\_\_\_\_ said \_\_\_\_\_

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owns 100% of MSI Outsourcing which does housecleaning in Florida. \_\_\_\_\_ said \_\_\_\_\_ has at this office documents regarding MSI Outsourcing and MSI. \_\_\_\_\_ was asked about MSI. \_\_\_\_\_ stated \_\_\_\_\_ of MSI is paid a fee by \_\_\_\_\_ to go out and find jobs for him.

13. On February 16, 2006, SA \_\_\_\_\_ SA \_\_\_\_\_ SA \_\_\_\_\_, and AUSA Monnin met with \_\_\_\_\_

Regarding \_\_\_\_\_ said \_\_\_\_\_ would contact AUSA Monnin by next week. AUSA Monnin did not hear from \_\_\_\_\_ and directed SA \_\_\_\_\_ to begin putting together paperwork gathered from ICE files and directed SA \_\_\_\_\_ to recover EMS emails from the imaged EMS office

14. From April through May, 2006, SA \_\_\_\_\_ began reviewing records seized from the hard-drive of Eagle Managed Subcontractors located in secure spaces at the IRS-CID offices, Koger Center. One of the tasks asked by AUSA Monnin was to identify any and all information on documents or correspondence between \_\_\_\_\_ and any other companies.

15. As a result of this search, writer located emails from \_\_\_\_\_ and \_\_\_\_\_ who is also an Arkansas elected official, to \_\_\_\_\_. These emails were also shared with the investigators in Kansas City to assist on their investigation of MSI and the related company officials. A summary of these emails are located below:

Date of email	Sender of Email	Synopsis of Email to Gorman
4/2/04	_____	Requested donation for _____ request for payments for AWCI, TCG
4/14/04	_____	Question about TCG payments, EMS deduction of 10% for workers compensation and for housing not used as such resulting in profit for EMS
8/29/04	_____	Request for assistance in getting jobs, need assistance from GMS
9/1/04	_____	Discusses Keesler AFB, mentions FEMA contract, _____ and _____
3/7/05	_____	Venting by _____ about slights by _____, Circle, et al

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16. On May 12, 2006, SA \_\_\_\_\_ and SA \_\_\_\_\_ interviewed \_\_\_\_\_, at the offices of \_\_\_\_\_

The purpose of the interview was to follow up on various emails recovered by SA \_\_\_\_\_ concerning two EMS employees running another company, KWB Enterprises. \_\_\_\_\_ was asked if he ever used a supplier called KWB Enterprises. He said this company was a minority owned business. \_\_\_\_\_ said KWB was directed to them by two Capital Materials persons, a salesman named \_\_\_\_\_ and an individual by the last name of \_\_\_\_\_. \_\_\_\_\_ stated \_\_\_\_\_ only meet with KWB once and its representative was \_\_\_\_\_, who also represented himself as the EMS contact. \_\_\_\_\_ stated EMS and KWB were two divisions of the same company-KWB provided the materials, EMS provided the laborers.

17. On 7/14/06, writer met with AUSA Monin along with SA \_\_\_\_\_ and SA \_\_\_\_\_. All were advised any indictment would take place in the fall and to continue with their respective assignment. Writer was asked to contact AUSA Richard Monroe, Western District of Missouri regarding his recent indictment of MSI et al. Writer was further asked to assist SA \_\_\_\_\_ on any part of his case in the hopes of getting the MSI defendants to testify against \_\_\_\_\_ and EMS/CSI.

18. On 7/28/06 writer contacted \_\_\_\_\_ at the City of Atlanta regarding KWB certification, contacted \_\_\_\_\_ Wage and Hour of FLSA investigation, and set up with \_\_\_\_\_ IRS-CID time to review government contract work obtained from MSI.

19. On 8/4 writer and GSA agent \_\_\_\_\_ contacted \_\_\_\_\_ IRS-CID regarding government contract work included as part of an IRS investigation of MSI. Of significance, \_\_\_\_\_ and \_\_\_\_\_ determined the majority of the certified payrolls for work done by MSI are signed by the next tier contractor, CSI or EMS by \_\_\_\_\_ of EMS.

20. Writer has reviewed the records obtained from \_\_\_\_\_. Among the records found include certified payroll records for the work done on the Oklahoma City Federal Campus after the bombing, Eglin Air Force Base (Fla), Fort Benning, and two Federal Prisons in Lexington, and near London, Kentucky.

21. On 8/21/06 writer spoke with \_\_\_\_\_ WHD Enforcement regarding their on-going FLSA case against EMS/CSI. \_\_\_\_\_ advised his case also includes MSI. \_\_\_\_\_ was provided information about the indictment of MSI and will maintain contact with writer.

22. On 8/22/06 writer spoke to AUSA Monnin at the United States Attorneys Office. Monnin requested writer contact IRS-CID agent regarding IRS notification of EMS/CSI of invalid SSN's on submit 1099s. Monnin was concerned how long it took IRS or SSA to notify EMS/CSI of the invalid SSN on the submitted 1099.

23. Monnin also stated if invalid SSN's were continually used by EMS/CSI after being advised by SSA and IRS, and these SSN's were later found on federal certified payrolls signed by \_\_\_\_\_ of EMS/CSI in Atlanta, he \_\_\_\_\_ is the \_\_\_\_\_ person at EMS/CSI.

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24. On 11/30/06, writer contacted Accousti Engineering regarding work at the OKALOOSA AIRPORT with EMS and MSI and requested the following documents:

- A copy of the contract between Accousti and MSI, CSI or EMS.
- Any Accousti application forms submitted by this subcontractor to include any information about the subcontractor's company information and qualifications.
- Copies of all certified payrolls submitted by MSI, CSI or EMS for this contract and also any other Davis-Bacon construction project since 2004.
- Copies of all emails, letters and method of payment to and from Accousti and MSI, CSI or EMS.

25. On 12/1/06 writer contacted Grawhawk Construction regarding work done at the Whitley County Detention Center (EIFS-W/E 9-19-03) and the United States Prison (WE 5-7-02) with MSI, CSI, or EMS and requested the following documents:

- A Copy of the contract between GRAYHAWK and MSI, CSI or EMS.
- Any application forms submitted by this subcontractor to include any information about the subcontractor's company information and qualifications.
- Copies of all certified payrolls submitted by MSI, CSI or EMS for this contract and also any other Davis-Bacon construction project since 2002.
- Copies of all emails, letters and method of payment to and from GRAYHAWK and MSI, CSI or EMS.

26. On 1/29 and 1/30 writer worked with SA \_\_\_\_\_ DCIS, Kansas City Resident Agency. Records were reviewed on 1/29 at ICE and on 1/30 at IRS. \_\_\_\_\_ returned to Kansas City with records to assist in his upcoming court case with MSI.

*TC*

27. Writer contacted AUSA Monnin on the following dates with no response: 1/26/07(voice message), 1/30(fax), 2/6/07(email), 2/21/07(email), 2/27/07(voice message).

**REASON FOR CLOSING**

28. This case has been opened since July, 2003. The United States Attorneys Office shows little interest in this investigation over the past six months and a declination has been requested by this office. Based on the above, it is requested that this case be placed in a closed status

**NATURE OF SCHEME**

29. EMS and CSI used illegal aliens for Davis-Bacon construction projects, failed to pay them the rate listed on the certified payrolls, and deducted a percentage of each paycheck under a phony workers compensation insurance scheme.

**REFERRALS**

30. None