

# **SCHOOL ROOFING SCAM:**

## ***A GENERIC GUIDE IN SIX STEPS***

The following is a composite scenario that illustrates the types of abuses uncovered by the State Commission of Investigation during its investigation of public school roofing projects in New Jersey.

### **STEP I**

**School District X determines that several failing roofs on school buildings require repair and/or replacement.**

### **STEP II**

**When plans for the project are announced, District X officials are contacted by the sales representative of Company Y, a leading seller of roofing materials.**

**The sales representative refers the district to a roofing consultant/architect who has a secret arrangement under which he receives compensation from Company Y.**

**Knowing that he will be paid by the company, the consultant is able to under-bid all other potential architects to obtain the project design contract.**

### **STEP III**

**The consultant writes “proprietary” project specifications explicitly built around Company Y’s products.**

**The specifications also contain an array of special requirements, or “hurdles,” designed to block the substitution of materials from any other manufacturer, even though they may be less expensive and of identical quality.**

**This locks the project in for Company Y, which charges premium prices for its goods.**

**District officials, some of whom socialize with the consultant, take the consultant's word that the process is entirely legitimate.**

#### **STEP IV**

**The bidding process is further manipulated to ensure that the actual installation contract is awarded to a contractor "certified" by Company Y.**

**The favored contractor undercuts all other bidders by arranging to pay his employees at a rate substantially below the statutorily required prevailing wage, a ploy which reduces his estimated labor costs.**

#### **STEP V**

**If inspections occur at all during installation, they are conducted not by independent experts but by Company Y's sales representative, by the compromised roofing consultant and/or by the installation contractor under payment from the sales representative.**

**This allows the co-conspirators to inflate their profits even more by substituting cheaper materials during installation without any downward adjustment in the cost to the district.**

#### **STEP VI**

**The final cost tops \$1 million. District X's taxpayers shell out 20 percent to 30 percent more than they should have for a school roof that may be inferior.**

**Profits are shared by Company Y, by its sales representative, by the roofing consultant and by the contractor — who team up again to obtain business in another school district.**