



Department of Justice

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Two Companies Plead Guilty in Bid Rigging Scheme for Insulation Contracts

These are the Sixth and Seventh Defendants to Plead Guilty in this Investigation

BC Flynn Contracting Corp. (BC Flynn) and Axion Specialty Contracting LLC (Axion) pleaded guilty yesterday in federal court in Connecticut for their roles in a conspiracy to rig bids on insulation contracts in Connecticut in violation of the antitrust laws and, as to BC Flynn, to engage in criminal fraud related to those insulation contracts.

According to plea agreements filed yesterday in the U.S. District Court in Bridgeport, BC Flynn and Axion conspired among themselves and other companies and individuals to rig bids on contracts for installing insulation around pipes and ducts on construction projects at universities, hospitals, and other public and private entities in Connecticut. The conspiracy ran for nearly seven years, beginning as early as June 2011 and continuing until as late as March 2018. Four individuals and one company previously pleaded guilty to charges related to their role in this scheme and await sentencing.

“Construction and infrastructure projects — many of them funded in whole or part by taxpayers — deserve to have contracting processes that are fair and competitive,” said Assistant Attorney General Jonathan Kanter of the Department of Justice’s Antitrust Division. “The division will work with our law enforcement partners to ensure that the individuals and corporations that defraud these projects are held fully responsible for their actions.”

“The plea agreements detail how the perpetrators submitted collusive bids and shared bid numbers with their competitors in an illegal effort to improve their companies’ bottom lines,” said U.S. Attorney Vanessa Roberts Avery for the District of Connecticut. “I commend the FBI and DCIS for investigating this scheme that victimized hospitals, universities and businesses throughout Connecticut.”

“Free and open markets are the foundation of a vibrant economy,” said Special Agent in Charge David Sundberg of the FBI New Haven Field Office. “The FBI is committed to investigating perpetrators of antitrust and fraud crimes that corruptly limit competition in the construction sector.”

“The Defense Criminal Investigative Service (DCIS), the law enforcement arm of the Department of Defense (DoD) Office of Inspector General, is fully committed to protecting the integrity of the DoD procurement system,” said Special Agent in Charge Patrick J. Hegarty of the DCIS Northeast Field Office. “Anticompetitive and fraudulent practices undermine the legitimate procurement processes designed to ensure equity among parties that do business with the DoD. We will continue to partner with the Department of Justice and the FBI to ensure that the market for construction services provided to the U.S. military remains competitive.”

The antitrust charges announced today carry a maximum penalty of a \$100 million fine for each defendant corporation. The fraud conspiracy charge against BC Flynn carries a maximum penalty of a \$500,000 fine. The fines for the antitrust and fraud conspiracy charges may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, pursuant to the plea agreements, which are subject to the court’s final approval, BC Flynn and Axion have agreed to pay restitution to the victims.

This investigation is being conducted by the Antitrust Division's New York Office, the U.S. Attorney's Office for the District of Connecticut, the FBI's New Haven Division, and the DCIS's New Haven Resident Agency.

In November 2019, the Department of Justice created the Procurement Collusion Strike Force, a joint law enforcement effort to combat antitrust crimes and related fraudulent schemes that impact government procurement, grant, and program funding at all levels of government — federal, state and local. To contact the Procurement Collusion Strike Force, or to report information on market allocation, price fixing, bid rigging and other anticompetitive conduct related to construction or infrastructure, go to <https://www.justice.gov/procurement-collusion-strike-force>.

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