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Department of Justice

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Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

Wednesday, November 6, 2019

Downingtown Man Sentenced to Nearly Six Years in Prison for Defrauding PennDOT Disadvantaged Business Program

PHILADELPHIA – United States Attorney William M. McSwain announced that Stamatios “Tom” Kousisis, 62, of Downingtown, PA was sentenced to 70 months’ imprisonment, three years’ supervised release, and a \$17,500 fine by United States District Judge Wendy Beetlestone for a multi-million dollar fraud he perpetrated against the Pennsylvania Department of Transportation. Kousisis was found guilty of wire fraud and related charges after a 19-day jury trial in August 2018.

The defendant operated a scheme to secure lucrative PennDOT contracts worth more than \$150 million utilizing a now-defunct certified disadvantaged business enterprise (DBE). A DBE is a business or firm that is at least 51% owned by one or more individuals who are members of historically disadvantaged groups: this can include women, racial minorities and disabled persons. The rules governing PennDOT contracts required that the defendant and his employer, Alpha-Liberty Joint Venture, use a legitimate, certified DBE to provide at least 6% of the value of the work -- in this case contracts to repair and renovate the Girard Point Bridge and Amtrak’s 30th Street Train Station, both in Philadelphia.

Instead of legitimately employing a DBE to meet contract requirements, the defendant engaged in a fraud scheme in which a company owned by an African-American woman was used as a front. The company was provided invoices showing that it had performed work on these projects, when in fact it did not provide any services of economic value. Further, to inflate the value of the “work” performed by the front company, the defendant funneled payments for materials used on out-of-state projects through the front company and submitted the resulting invoices to PennDOT under the false representation that they had been purchased for and used on the two projects.

“DBE rules exist to level the playing field for legitimate disadvantaged businesses, not for defendants like Kousisis to cynically manipulate to line their own pockets,” said U.S. Attorney McSwain. “Kousisis demonstrated a blatant disrespect for the law by defrauding the government contracting process, and therefore taxpayers, for his own benefit. We will continue to work with our law enforcement partners at all levels to uphold the rule of law and ensure a fair playing field for all.”

“In defrauding the government, Kousisis lined his pockets while stealing from a project designed to help provide a fair opportunity to compete for federally funded projects,” said Michael T. Harpster, Special Agent-in-Charge of the Philadelphia Division. “Today’s sentence sends the message that the FBI will work tirelessly to protect government programs from fraud, waste and abuse and to level the playing field for the disadvantaged.”

“The sentencing handed down in this case should serve as notice that unscrupulous, fraudulent activity within U.S. Department of Transportation (DOT) DBE programs will be met with the full force of the criminal justice system,” said Douglas Shoemaker, Regional Special Agent-in-Charge of the DOT, Office of Inspector General. “Working with our law enforcement and prosecutorial partners, we will continue to root out and hold individuals and businesses accountable when they misuse Federal funding program opportunities for personal gain.”

“We hope the results of this case send a clear message about the consequences of fraud, especially when the fraud occurs under the guise of helping disadvantaged businesses,” said Kevin Winters, Amtrak’s Inspector General. “Our office will vigorously investigate and help bring to justice those who engage in such fraudulent activity as we work to protect Amtrak funds and American taxpayers.”

The case was investigated by the U.S. Department of Transportation – Office of Inspector General, the U.S. Department of Labor – Office of Inspector General, the Federal Bureau of Investigation, and the Amtrak – Office of Inspector General, and is being prosecuted by Assistant United States Attorneys Paul G. Shapiro and David E. Troyer.

Topic(s):

Financial Fraud

Component(s):

USAO - Pennsylvania, Eastern

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Updated November 6, 2019