



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* PENNSYLVANIA

[U.S. Attorneys](#) » [Eastern District of Pennsylvania](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

Monday, April 22, 2019

**President of Michigan Electric Company and Three
Construction Firms Agree to Pay \$466,500 to Settle False
Claims Act Allegations**

PHILADELPHIA – U.S. Attorney William M. McSwain announced today that Tooles Contracting Group, LLC, of Detroit, Michigan, Commercial Contracting Corporation (CCC) of Auburn Hills, Michigan, G&B Electric, Inc., and G&B Electric's President, James Gierlach, both of Ferndale, Michigan, have agreed to pay the United States \$466,500 to resolve allegations that Gierlach, G&B Electric, and Tooles engaged in bid rigging and inflating invoices submitted to the National Railroad Passenger Corporation (Amtrak) as part of contracting work performed to increase the accessibility of Amtrak stations in Hammond, Louisiana, Beaumont, Texas, Alpine, Texas, and Little Rock, Arkansas. CCC, as the majority owner of Tooles, also contributed to the settlement.

Based on its investigation, the United States contends that Gierlach and a Tooles employee engaged in bid rigging when the Tooles employee shared a bid for the electrical work on the Beaumont, Texas, station with Gierlach. As part of this scheme, Gierlach paid cash to the Tooles employee in exchange for this information.

The United States also contends that Gierlach and G&B Electric submitted false invoices for their work at other Amtrak locations. First, in November 2010, at Tooles' urging, Gierlach submitted an invoice for \$28,440 in excess of the work that had been completed at the time. Second, Tooles and G&B Electric caused false claims related to carpenters to be submitted to Amtrak. Tooles requested that Gierlach place certain carpenters as subcontractors to G&B Electric and submit a change order for \$115,000 to cover the cost of the carpenters. The true cost of this work was approximately half of that amount and G&B Electric and Tooles agreed that G&B Electric could keep the difference in exchange for future renovations of Tooles' office building. Tooles approved the overinflated invoices that comprised the change order, which was then paid by CCC. All Amtrak contracts pass through Amtrak's Philadelphia procurement office.

“Government contractors must be honest in their bidding and in their billing,” said U.S. Attorney McSwain. “Bid rigging damages both the government and the market by rewarding corruption. This settlement reflects the seriousness with which my Office takes these allegations and the lengths we will go to investigate false claims submitted by contractors that are the result of an unfair bidding process.”

“We’re proud of the tenacity displayed by our investigative staff and the U.S. Attorney’s office, a team effort that helped bring this complex case to its resolution,” said Kevin Winters, Amtrak’s Inspector General. “This work underscores the importance of our mission and our commitment to detecting and preventing fraud, waste, and abuse.”

The case was handled by Assistant United States Attorney Paul J. Koob. The case was investigated by the Amtrak Office of Inspector General.

Component(s):

USAO - Pennsylvania, Eastern

Contact:

UNITED

STATES ATTORNEY’S OFFICE EASTERN DISTRICT OF PENNSYLVANIA Suite 1250, 615
Chestnut Street Philadelphia, PA 19106 JENNIFER CRANDALL Media Contact
215-861-8300

Updated April 22, 2019