



SIGTARP

Office of the Special Inspector General
for the Troubled Asset Relief Program

Detroit-Based Demolition Contractor and its Executive in Hardest Hit Fund Blight Elimination Program Debarred for 20 Years After Executive Who Ran the Company Paid Nearly \$400,000 in Bribes, Including for Contracts Related to HHF

On March 9, 2020, the Detroit Office of the Inspector General issued a 20-year debarment of Environmental Specialty Services (ESS) and its vice president, Richard Berg, predicated on an investigation by SIGTARP that resulted in the sentencing to prison of Detroit city official Aradondo Haskins and contractor Anthony Daguanno for bribery related to demolition contracts, including in the Hardest Hit Fund. The Detroit OIG stated, “special thanks to SIGTARP whose investigation and prosecution provided the basis for this debarment.”

The Detroit OIG found that court records and other information indicated that Berg, while serving as vice president of ESS, engaged in improper, unethical, and illegal conduct by bribing Haskins and Daguanno. Berg is the son of the owner of ESS and took over the day-to-day operations of the company approximately six years ago. Berg, through his attorney, admitted to participating in paying bribes. Berg paid Haskins at least eight times totaling \$14,000 while Haskins worked for Adamo, a large demolition contractor in the HHF program in Detroit, and later paid \$4,000 in bribes after Haskins went to work for the City of Detroit, where he was responsible for bids in the HHF program. Berg also paid bribe money to Daguanno, a senior estimator at Adamo, on at least 71 occasions over eight years totaling \$372,750 related to demolition subcontracts, including in the HHF program.

The Detroit OIG found that ESS did not take any meaningful action against Berg for bribing two individuals, including a city employee. According to the Detroit OIG’s report, despite knowing since 2017 that the U. S. Attorney’s Office was investigating payments by Berg to Haskins and Daguanno, that Berg was involved in illegal conduct, and had “told the truth” regarding the payments, ESS did not change Berg’s role at ESS until March 2018. At that point, ESS merely limited his job duties and hours to 20 hours per week but did not reduce his compensation. Only after the Detroit OIG issued an interim suspension on September 20, 2019, did ESS suspend Berg as vice president and remove him as a board member.

ESS and Berg chose not to appeal the debarment. In 2015, the City of Detroit directly awarded ESS \$545,000 in federally funded HHF work for asbestos abatement remediation involving 55 properties. In addition, ESS was the asbestos abatement sub-contractor on numerous HHF demolition contracts between 2014 and 2018, and was paid over \$6.2 million for its work on these contracts.

SIGTARP investigated the case. The Detroit Office of Inspector General brought the debarment actions.