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9 December 2016

Unethical Practices in Construction: Bid-Rigging

CM 3111

Ethics broadly refers to moral values that are often applied to questions of truthful behavior within a specific area of interference. Because of the fact that Construction is such a competitive business, many wonder the extent of the industry's corruption. This paper will evaluate a case relating to whether a contractor adhered to the code of ethics by the Construction Management Association of America. The association, established in 1982, deals with the critical issues in the construction and program management industry ("Code of Ethics"). One of the critical functions that the association has implemented is the setting up of the ethical standards of practice for construction managers. Every registered member of the association is required to comply with the ten principles of ethical standards relating to client service, professional qualifications, fair compensation, standards of practice, fair competition, public welfare, release of information, integrity, conflict of interest, and professional development. Construction plays an important economic role, contributing to the development of our country. In order to acquire optimal benefits from the industry and guarantee the smooth functioning of the companies, good ethical practices are crucial. The majority of common unethical actions conducted by means of contractors are cover pricing, late and short payments, bid cutting, lack of safety ethics, unfair treatment in final account negotiations, exaggeration of qualifications and experience in regards to projects, not following governmental policy, and poor documentation (Adnan). Of the many editorials one can find on any reference to these instances, my report will be reviewing Tom Precious' article in regards to a company that got caught up in a bid-rigging scheme.

Bid-rigging is usually spotted on the occasion of competitors agreeing in advance as to which company will win the bid, when a firm decides to subcontract part of the main contract to the losing bidders, or when companies form a joint venture in order to submit a single bid. Bid-

rigging can be suspected when there are few bidders in the market that offer the good or service, two or more proposals containing similar penmanship or punctuation/mathematical errors, and when competitors' bids are received together. A client can reserve the right not to award the contract if it is suspected that the bidding outcome is not competitive. On the other hand, bid-rigging can be prevented by establishing a bidding pool with well-known suppliers and their market prices, requiring disclosure on potential subcontractors and their prices, allow for substitute products whenever possible, avoid preferential treatment for a certain class of suppliers, avoid predictability, and avoid splitting contracts between suppliers with identical bids ("Bid-Rigging"). With all of these procedures, this illegal act is still practiced throughout the construction industry.

Precious' article, "Indictments Describe a Pattern of Bribery in Obtaining Contracts," discusses a major bid-rigging scheme with LPCiminelli over the SolarCity Factory at RiverBend in Buffalo, New York. SolarCity is one of the largest solar energy service providers in America. Ceminelli's construction company was caught in one of their many unethical plots. Even though eight individuals were indicted, the construction firm continues to say that their officials plead innocent. The allege counts start with the company's top executive, Louis P. Ciminelli, being a major Cuomo donor. Andrew M. Cuomo was the Governor of New York during the time of this scandal and a trusted advisor for the \$750 million project. COR Development also benefited from an inside deal in reference to a central New York economic-development project intended to dissuade competitors from bidding in regards to the contract for SolarCity. Even Howe, a D.C. lobbyist, arranged bribe money through a shell company from the Syracuse developer. He and former SUNY Polytechnic Institute President and CEO Alain E. Kaloyeros, however, admitted to secretly tailoring the project in LPCiminelli's favor. "All of the indictments contain

fourteen counts against eight men, including wire fraud, bribery, extortion, and ‘Honest Services’ fraud” (Precious). This disreputable offence led to the arrest of all eight men involved, which left the City of Buffalo to feel betrayed by some of their leaders.

In conclusion, Tom Precious wrote a revealing piece on LPCeminelli’s unethical bid-rigging scheme. He proved how the company failed to follow the policies held by the Construction Management Association of America. LPCeminelli was selfish and inconsiderate with their bid for SolarCity. The unfair act left the entire State of New York in disbelief with an untrustworthy Governor and a conniving industry running their economy. How can someone do something ethically wrong and still think they have good morals? Many would say that people could not have one without the other. Condolences are given to the companies who unfairly lost their bid and to the innocent people who got caught up in this scandalous crime. Some of the men pleaded guilty, but others still stand firm proclaiming their innocence. At least the majority of them will be getting what they deserve. One can only hope that these eight men learned their lesson and act as an example for many other construction companies around the nation.

Works Cited

Adnan, Hamimah. "Ethical Issues in the Construction Industry: Contractors' Perspective."

*Procedia- Social and Behavioral Sciences*. Elsevier B. V. Selection, 2012. Web. 30

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"Bid-Rigging." *Competition Bureau*. Canada.Ca. 5 November 2015. Web. 3 December 2016.

"Code of Ethics." *Construction Management Association of America*. 2015. Web. 3 December

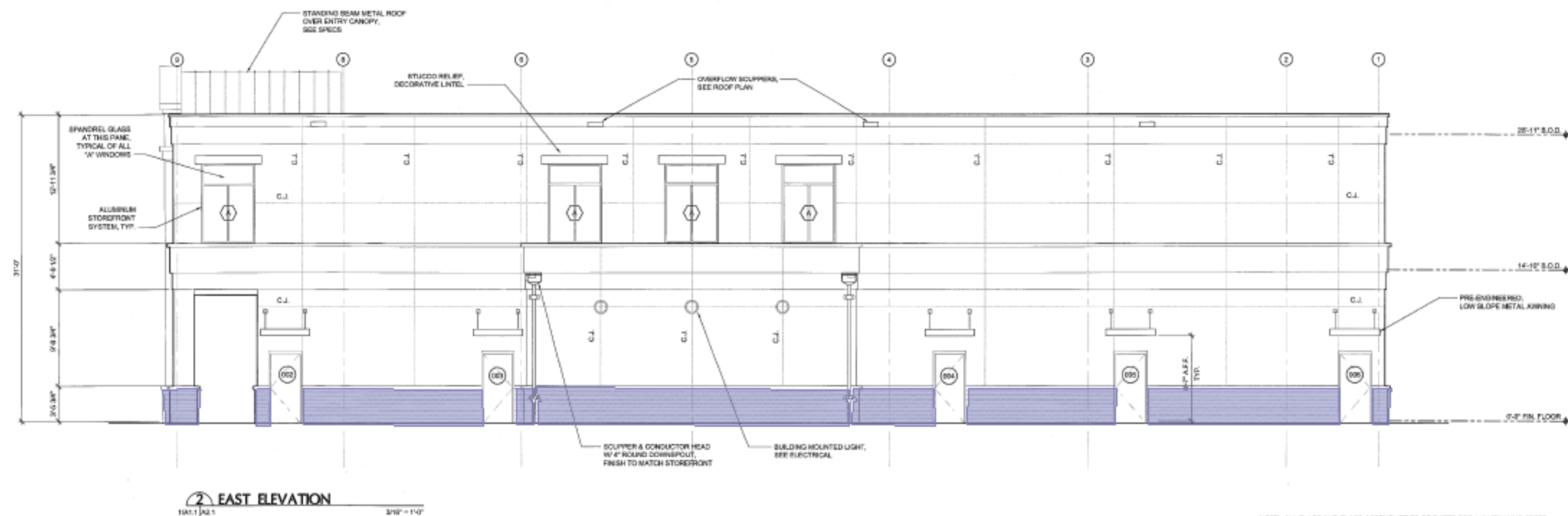
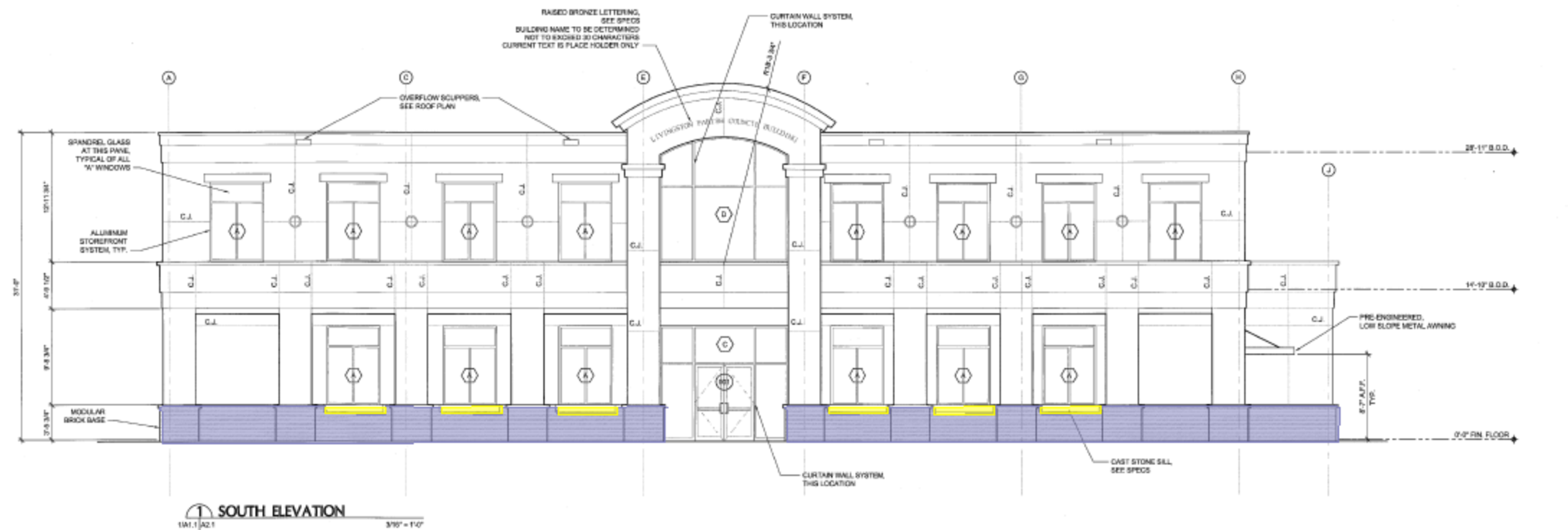
2017

Precious, Tom. "Indictments Describe a Pattern of Bribery in Obtaining Contracts." *Buffalo*

*News*, WNY Local News: 7. 23 November 2016. Web. 1 December 2016.



Bid View Conditions Zones				
No.	Name	Qty1	Qty.	
<b>Typical Groups</b>				
Conditions - Final Project				
(unassigned)				
	Cast Stone	55 SF		
	Masonry Brick	1,650 SF		



NOTE: ALL GLASS AND GLASS ASSEMBLIES TO BE RATED FOR 110 MPH WIND SPEED



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LIVINGSTON, LA

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**Revisions**  
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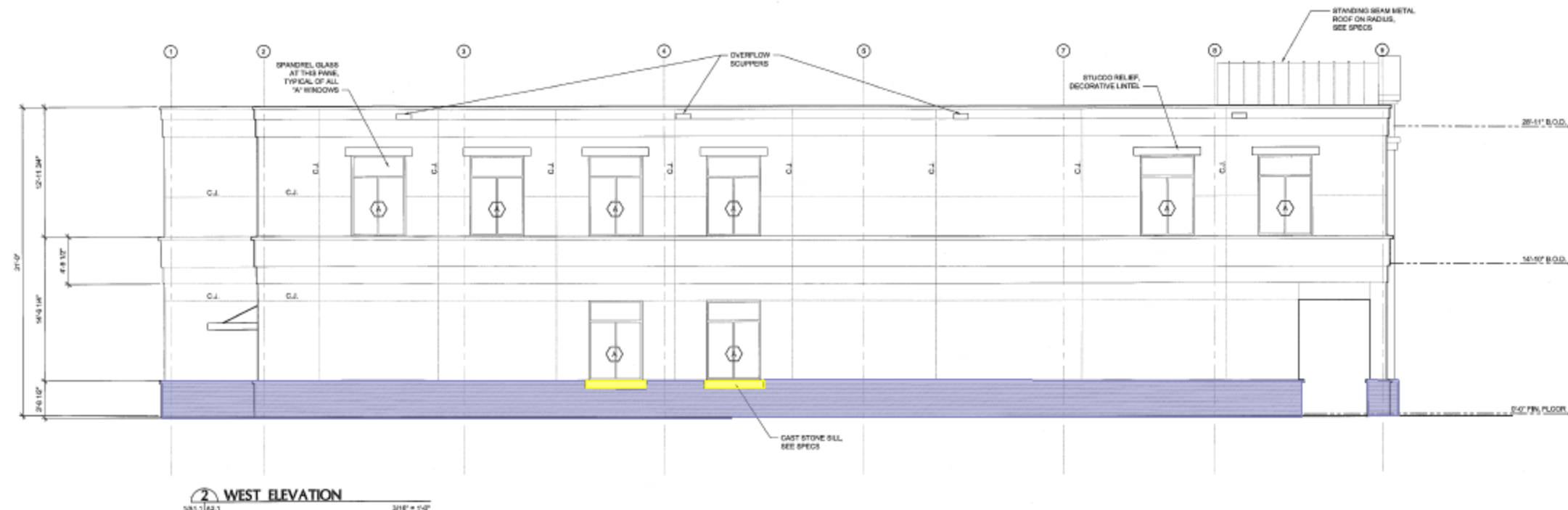
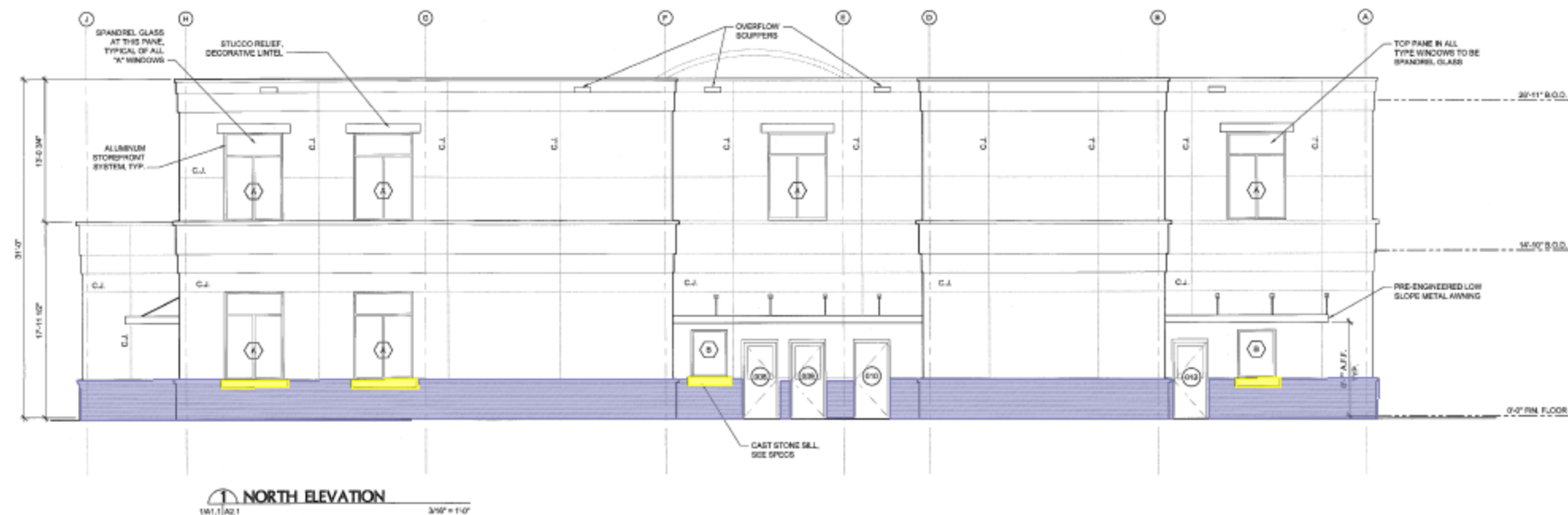
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Date: 03.02.09

Sheet Title:  
EXTERIOR ELEVATIONS

Sheet Number:  
**A2.1** of 444



Bid View Conditions Zones			
No.	Name	Qty1	Qty.
<b>Typical Groups</b>			
Conditions - FinalProject			
(unassigned)			
	Cast Stone	52 SF	
	Masonry Brick	1,796 SF	



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Revision	Date	Description
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Project No.: 108006  
Date: 03.02.09

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EXTERIOR ELEVATIONS

Sheet Number:  
**A2.2** of **\*\*\***





Bid View

Conditions

Zones

No.	Name	Qty1	Qty.
<b>Typical Groups</b>			
[-] Conditions - FinalProject			
[-] (unassigned)			
	Carpentry1	844 SF	
	Carpentry2	3,024 SF	
	Cast Stone	0 SF	
	Masonry Brick	0 SF	

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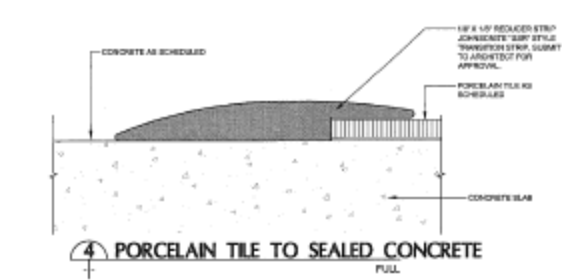
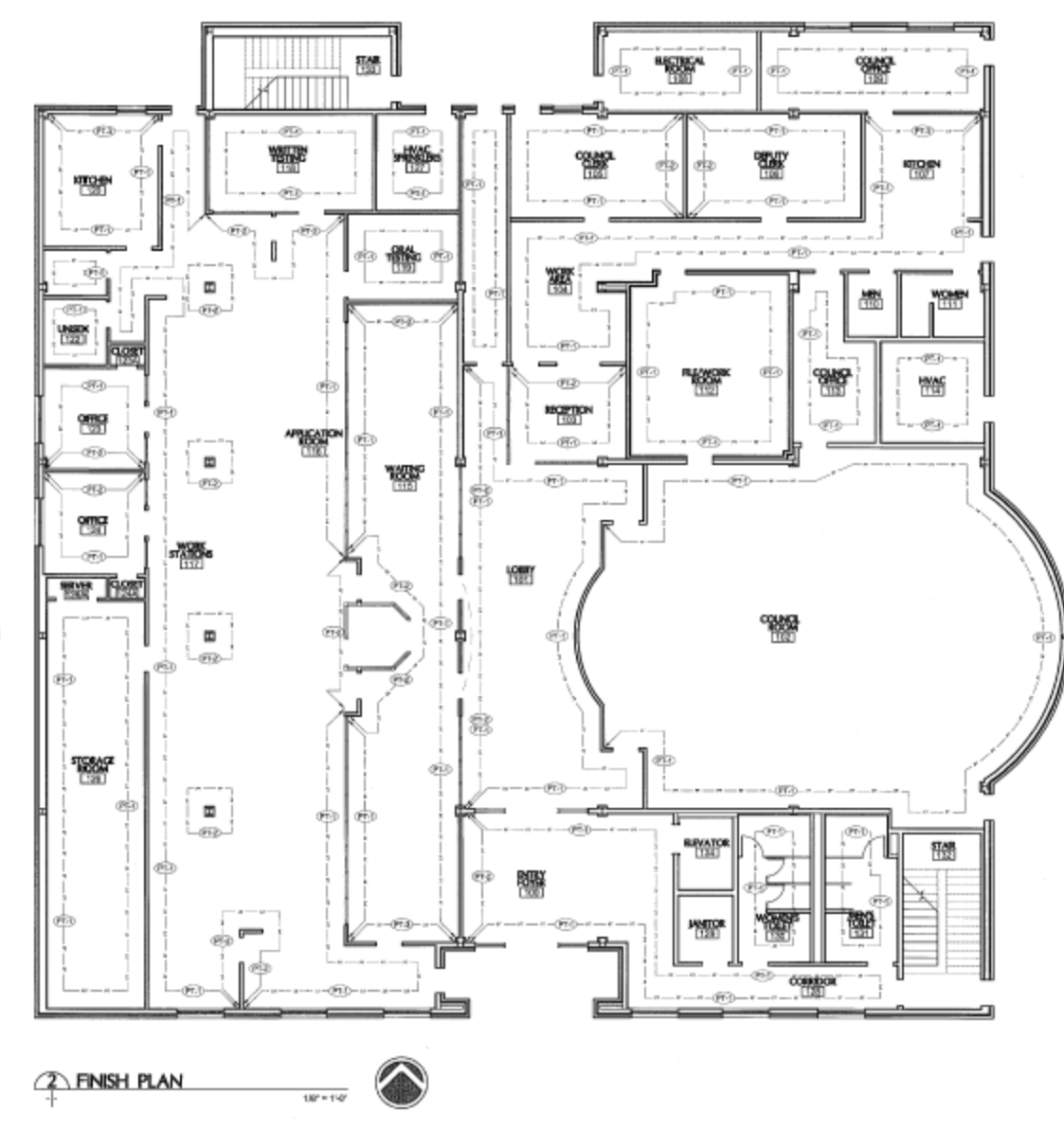
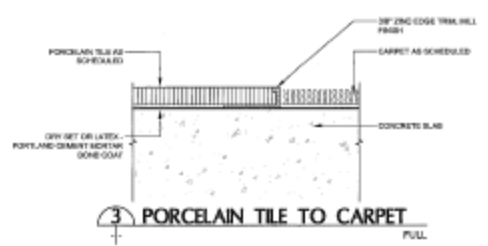
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DPC



FLOORING LEGEND			
MARK		MARK	
T-1		OPT-1	
T-2		OPT-2	
T-3		OPT-3	
T-4			
T-5			



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Revisions

Date	Description

Project No. 108005

Date 03.02.09

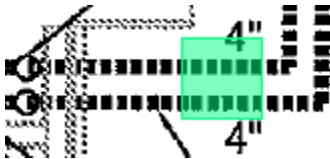
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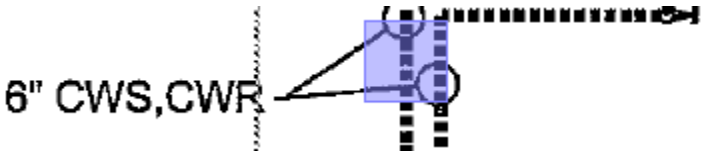


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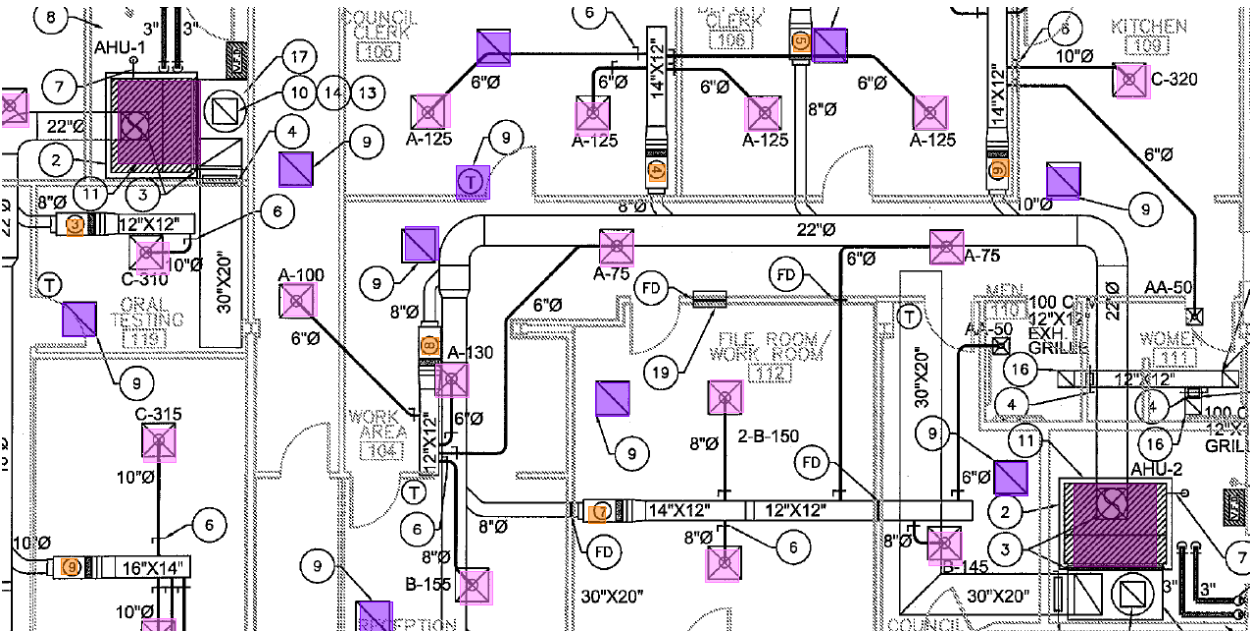
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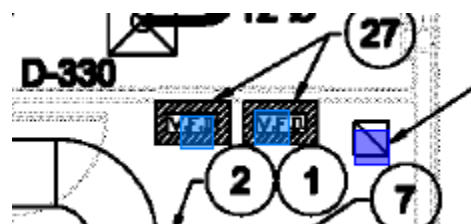
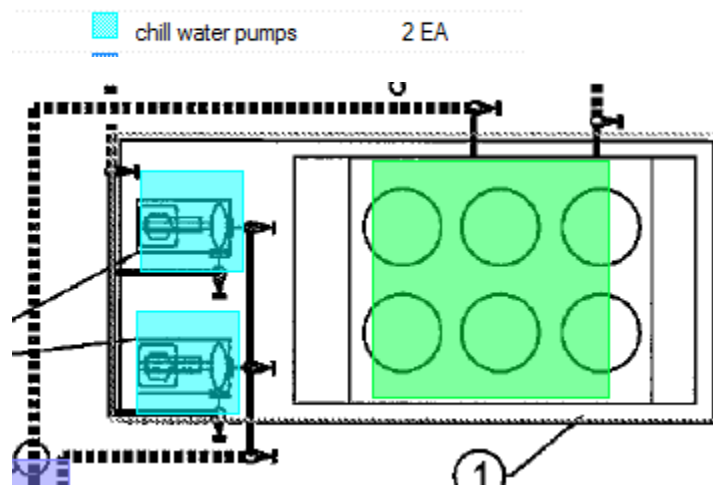
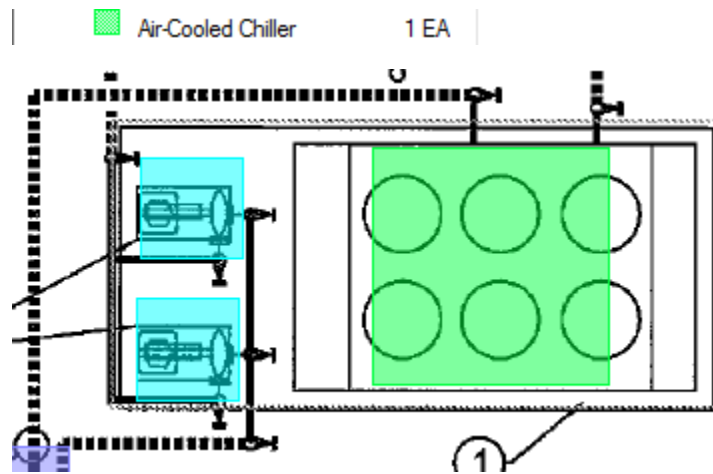


6" CWS1 EA



Air Handling Unit2 EA





electric heaters

4 EA



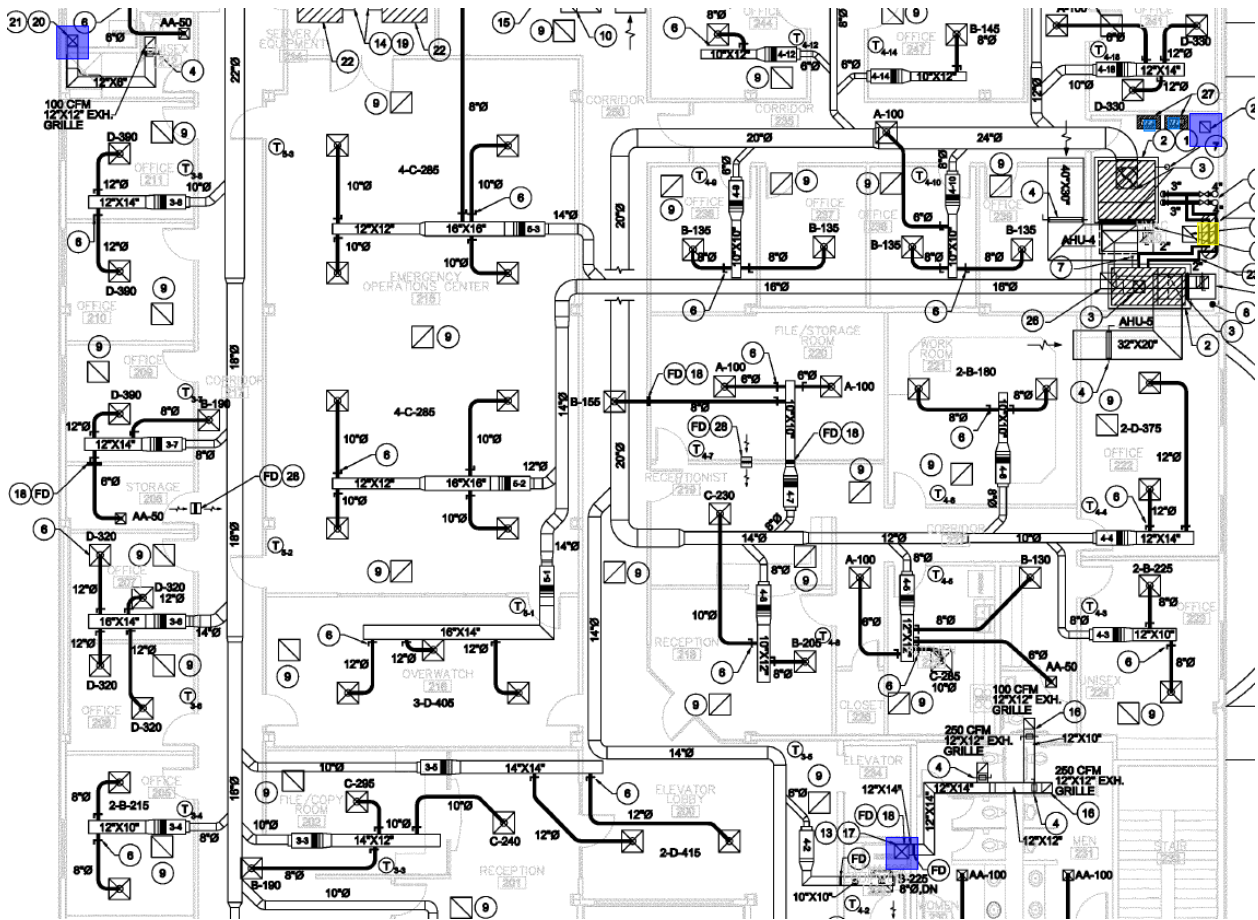
## SECOND FLOOR MECHANICAL PLAN

SCALE: 1/8" = 1' - 0"

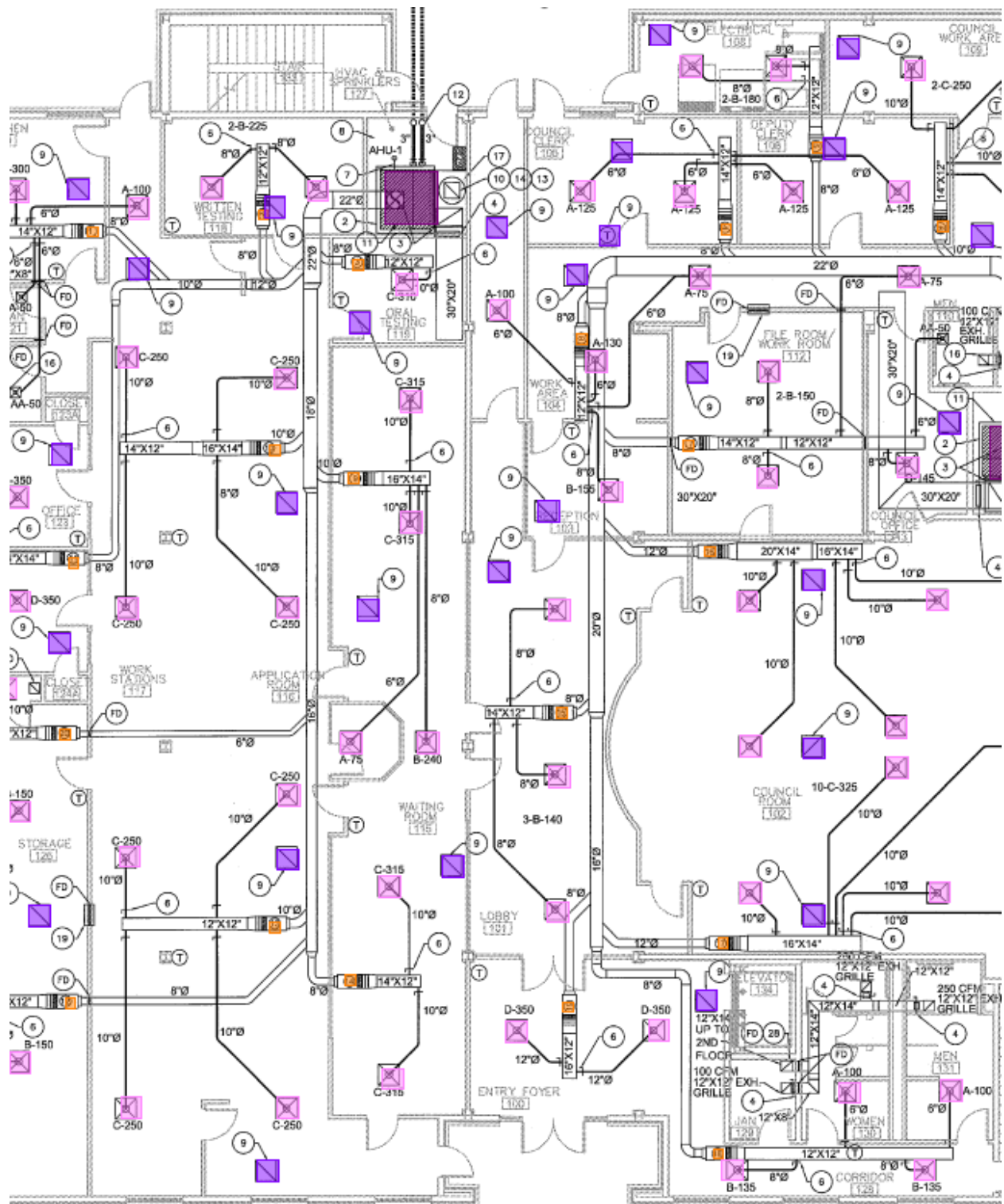


Exhaust Fans

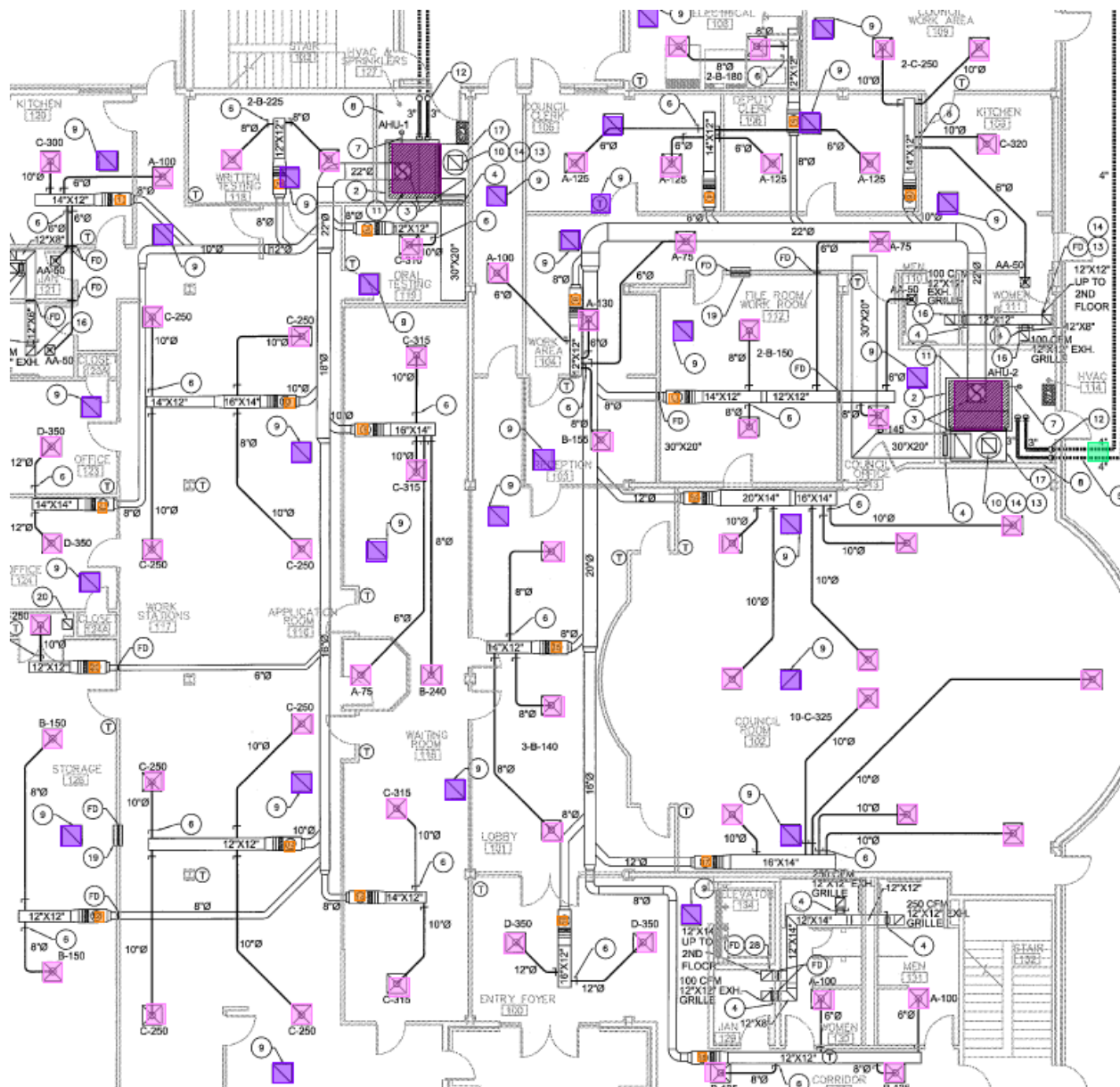
3 EA



28 EA



60 EA





20 EA

