



January 20, 2009

**Asbestos contractor is sentenced for extorting
kickbacks from employees**

A federal judge today sentenced **Michael Macaruso**, an asbestos abatement contractor, to two years in prison for extorting kickbacks from his employees and failing to report about \$280,000 in income on his tax returns.

United States Attorney Robert Clark Corrente announced the sentence, which U.S. District Court Judge William E. Smith imposed in U.S. District Court, Providence. Judge Smith also fined Macaruso \$50,000 and ordered him to pay a total of \$117,840 restitution to his victims.

In July, Macaruso, 50, of Johnston, pleaded guilty to extorting kickbacks from public works employees and filing a false tax return.

At the plea hearing, Assistant U.S. Attorney Lee H. Vilker said the government could prove that Macaruso submitted documents reporting that he was paying his workers prevailing wages, but cashed their paychecks himself and then dispensed cash to the workers at significantly less than the prevailing wage.

Macaruso's companies, Ocean State Building Wrecking and Asbestos Removal, and Ocean State Environmental, Inc., performed asbestos abatement for several public entities, including the Providence, Cranston, and North Providence housing authorities, the Providence

-more-

School Department, and the town of South Kingstown. Federal law requires that workers on public sector projects be paid a prevailing wage, as calculated by the Department of Labor.

Macaruso also regularly cashed checks sent to his companies as payment for services. In 2005 and 2006, he converted \$450,543 worth of business receipts to cash and failed to report \$280,000 in net income on his tax returns for those years. IRS agents estimate the loss to taxpayers at \$79,350.

As a condition of supervised release when he gets out of prison, Macaruso must pay all taxes that he owes, plus interest and penalties. During his three years of supervised release, he must also perform 20 hours a month community service in programs helping the poor.

Macaruso is free on bond and must report to prison on February 16.

Four federal agencies conducted the investigation: the Wage and Hour Division and the Employee Benefits Security Administration of the Department of Labor, the Department of Housing and Urban Development, and the Internal Revenue Service, Criminal Investigation.

-30-

Contact: 401-709-5032

Thomas.connell@usdoj.gov

Find news and information on the U.S. Attorney's Web site:

<http://www.usdoj.gov/usao/ri/>