



**City of Philadelphia**  
**Office of the City Controller & Office of the Inspector General**

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For immediate release: Wednesday, September 18, 2019

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**CITY CONTROLLER AND INSPECTOR GENERAL JOINT INVESTIGATION REVEALS CONTRACT-RELATED MISCONDUCT; RESULTS IN DEBARMENTS AND RECOVERY OF \$145,000**

*Four businesses involved face penalties related to the investigation.*

PHILADELPHIA – City Controller Rebecca Rhynhart and Inspector General Amy Kurland announced today the results of their offices’ first joint investigation, finding that New Jersey-based firm Pirozzi General Contracting violated the City of Philadelphia’s (City) anti-discrimination rules and misrepresented its minority- and women-owned business enterprise subcontractor participation. As a result of the investigation, the City of Philadelphia recovered more than \$145,000 from Pirozzi General Contracting and Pirozzi General Contracting agreed to a three-year suspension from applying for work with the City. Additionally, two other New Jersey firms were debarred for three years, beginning in March 2019, and another business was removed from the Office of Economic Opportunity’s minority-, women- and disabled-owned business entity (M/W/DSBE) registry.

“The City’s minority participation rules ensure that legitimate M/W/DBSE businesses have an opportunity to compete for City work,” said Inspector General Kurland. “Our aggressive enforcement of these rules has repeatedly sent a message that the City will not tolerate fraud. And while there is still work left to do to ensure a level playing field for the City, I am very proud of this collaboration and the results that both our office and the Controller’s Office have achieved.”

Controller Rhynhart continued, “The behavior identified in this investigation is deeply problematic – from misrepresenting the role of minority- and women-owned businesses in the work done under the contract to submitting false documentation to the City. Rooting out these kinds of bad actors is critically important to preserving the integrity of the City’s procurement rules and protecting taxpayer money. The City must hold these individuals accountable, not just because rules need to be followed, but because doing so ensures legitimate minority-, women- and disabled-owned business entities have opportunities to work with the City. I believe that the combined strength and commitment to accountability of our two offices is in the best interest of the public.”

In 2017, the City of Philadelphia awarded two contracts to Pirozzi Contracting: a \$1.9 million contract with the Philadelphia Water Department to replace windows at its Baxter Water Treatment Plant; and a \$329,711 contract with the Department of Public Property to replace exterior panels at the Philadelphia Nursing Home. Pirozzi General Contracting represented that it would use MBE/WBE subcontractors, specifically Material Source Point, Rodriguez Contractor Supply and Minority Contractors, Inc. in its Economic Opportunity Plan as part of its contract with the City.

In February 2018, the OIG's Contract Compliance Unit and the Office of the City Controller initiated the investigation and established that none of the three listed M/W/DSBE subcontractors provided any commercially useful functions on either of the City projects. In fact, the investigation revealed that two of the subcontractors, Material Source Point and Rodriguez Contractor Supply, were purportedly owned by family members of Peter Pirozzi, owner of Pirozzi General Contracting, and not legitimate independent entities. The investigation also uncovered evidence that Pirozzi General Contracting submitted false and misleading documentation to the City about its payments to the purported MBE/WBE subcontractors.

As a result of the investigation, the Office of Economic Opportunity and Procurement Department sanctioned all of the involved companies. Pirozzi General Contracting agreed to release \$145,315.51 to the City of Philadelphia and consented to a three-year suspension. In addition, subcontractors Rodriguez Contractor Supply and Material Source Point were debarred for the maximum period of three years, and Minority Contractors, Inc. was removed from the OEO'S M/W/DSBE registry.

"The Office of Economic Opportunity is extremely thankful for the hard work done by our colleagues in the Offices of the Inspector General and City Controller," said Deputy Commerce Director for the Office of Economic Opportunity Iola Harper. "They uncovered abuse and addressed it promptly, sending a strong message to businesses and contractors—the City of Philadelphia does not tolerate fraud. Our Offices will continue working together to enforce existing policies and help ensure legitimate M/W/DSBEs are engaged on City and quasi-public contracting opportunities."

Read the investigation summary [here](#).

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#### **About the Office of the Inspector General**

The mission of the Office of the Inspector General (OIG) is to enhance public confidence in the integrity of City government by rooting out corruption, fraud, misconduct, waste and mismanagement. For more information, visit: <http://www.phila.gov/ig>.

#### **About the Office of Economic Opportunity**

The Office of Economic Opportunity (OEO) in the Department of Commerce ensures that the City is working with diverse businesses to fulfill its needs for goods and services. For more information, visit: <https://www.phila.gov/departments/office-of-economic-opportunity/>

#### **About the Office of the City Controller**

The Office of the City Controller's mission is to promote the effective and efficient operation of Philadelphia government by conducting financial and performance audits and by identifying cost savings, recommending best practices and modernization, and exposing fraud and mismanagement. The City Controller is a popularly-elected City official and serves four-year terms and is independent of the mayor and city council. For more information, visit: <https://controller.phila.gov/>