

Summary: Montana Contractor Convicted of Bribing a Chippewa Cree Tribal Official

Report Date: October 2, 2017

OIG investigated allegations that Kevin McGovern, owner of CMG Construction, Inc. (CMG), MC Equipment Holdings, LLC (MC Equipment) and MT Waterworks, LLC (MT Waterworks), paid bribes, both personally and through his companies, to Chippewa Cree Tribe (CCT) officials on the Rocky Boys Indian Reservation in Montana.

CMG Construction, Inc.

We found that McGovern paid Tony Belcourt, Chief Executive Officer, Chippewa Cree Construction Corporation (C4), a \$50,000 bribe in exchange for Belcourt awarding three sole source contracts totaling \$2.5 million to CMG. The contracts were for: the demolition of the old Rocky Boy Health Clinic; the project management of the site development for the new Rocky Boy Health Clinic; and rock crushing services on infrastructure reconstruction projects on the Rocky Boys Indian Reservation.

McGovern and CMG were convicted of conspiracy, wire fraud, and bribery. McGovern was sentenced to 24 months incarceration, 2,000 hours of community service, ordered to pay a \$500,000 fine and \$500,000 in restitution to the U.S. Government, jointly and severally with CMG. CMG was ordered to pay a \$1.2 million fine to the U.S. Government and \$500,000 in restitution to the U.S. Bureau of Reclamation, jointly and severally with McGovern.

We also found that CMG submitted a false claim to the U.S. Government to collect inflated costs charged on the demolition contract. CMG pled guilty to filing a false claim and was ordered to pay a \$400,000 fine and \$500,000 in restitution to the U.S. Government.

Belcourt was convicted of other crimes during a prior criminal investigation. He was not charged pursuant to this investigation.

MC Equipment Holdings, LLC

We found that McGovern, through MC Equipment, paid Belcourt a \$229,000 bribe to facilitate the sale of a used asphalt hot plant and other equipment to the CCT Roads Department for \$1.7 million.

McGovern and MC Equipment pled guilty to wire fraud and theft from an Indian tribal organization. McGovern was sentenced to 24 months incarceration, 2,000 hours of community service, ordered to pay a \$300,000 fine to the U.S. Government and \$380,000 in restitution to the CCT, jointly and severally with MC Equipment. MC Equipment was ordered to pay an \$800,000 fine to the U.S. Government and \$380,000 in restitution to the CCT, jointly and severally with McGovern.



MT Waterworks, LLC

We found that McGovern, along with Belcourt and another Montana businessman, formed MT Waterworks, with Belcourt as the majority owner. Belcourt, a Native American, was a figurehead so that MT Waterworks could obtain Indian preference contracts as a native owned company; however, he did not manage the company on a day-to-day basis as required by Federal law. Belcourt then used his position at C4 and his influence on the Rocky Boys Indian Reservation to secure business for MT Waterworks.

MT Waterworks pled guilty to wire fraud and filing a false statement and was ordered to pay a \$350,000 fine to the U.S. Government.

All the cases summarized above were prosecuted in U.S. District Court for the District of Montana

This is a summary of a report of investigation that we provided to the Bureau of Reclamation for any action deemed appropriate.