

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

Detroit Demolition Contractor Sentenced to Prison after Taking Bribes and Kickbacks from a Subcontractor in Connection with TARP's Hardest Hit Fund Blight Elimination Program

On September 10, 2019, a federal court sentenced Detroit contractor Anthony Daguanno to one year in prison, and two years of supervised release, after his conviction for conspiracy to commit honest services fraud by taking bribes and kickbacks from a subcontractor in connection with the HHF demolition program in Detroit. Detroit is the city that received the largest amount of TARP dollars to fund the demolition of blighted, abandoned houses. Since 2013, Treasury has obligated more than \$258 million in TARP dollars for demolitions in Detroit.

Daguanno was convicted of accepting \$372,000 in bribes and kickbacks on 71 occasions over eight years, while he served as an executive at Adamo Group. Adamo is one of the largest contractors and TARP dollar recipients in the entire Hardest Hit Fund Blight Elimination program.

From 2013 to 2019, as a senior estimator at Adamo, Daguanno prepared Adamo's bids in response to City of Detroit Request for Proposals for demolition work. As an estimator with 43 years of experience in the demolition field, Adamo trusted Daguanno, giving him singular authority to manage its bidding process with the City of Detroit. In assembling the bid packages to submit to the City, Daguanno regularly communicated with subcontractors. Because his job included direct contact with contractors during the bidding process and a "first look" at the bids they submitted, he was uniquely positioned to exploit the situation. With the intent to defraud and to corrupt the bidding process, on many occasions, a contractor paid Daguanno to disclose confidential information about the lowest bids from that contractor's competition. Daguanno disclosed this information in several ways, often by emailing competitor price sheets to the contractor. This information allowed the contractor to submit an even lower bid—ensuring that it won lucrative contracts.

The U.S. Attorney's Office told the court, "Daguanno's offenses compromised the integrity of a government funded program intended to mitigate the effect of blight on the most vulnerable communities in the State of Michigan. And, by placing his personal enrichment above the interests of Adamo, Daguanno corrupted a contract bidding process which was meant to maximize the ability of Adamo to competently perform its contractual obligations to

the City of Detroit. This conduct not only violated the trust Adamo placed in Daguanno, it compromised the integrity of the

Blight Elimination Program and damaged the trust the citizens of Detroit have a right to place in government funded assistance programs.” It took a federal investigation to uncover Daguanno’s criminal behavior. The government gave Daguanno an opportunity to admit his criminal acts, but he failed to do so. In his first interview by federal law enforcement including SIGTARP, he denied all of the conduct. Much later, after federal investigation, Daguanno admitted to accepting bribes. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney for the Eastern District of Michigan and the Antitrust Division of the Department of Justice prosecuted the case.