



Department of Justice

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FORMER SHAW GROUP SAFETY MANAGER AT TVA NUCLEAR SITES
SENTENCED TO 78 MONTHS IN PRISON FOR
MAJOR FRAUD CASE AGAINST THE UNITED STATES

Injuries hidden to obtain over \$2.5 million in safety bonuses

CHATTANOOGA, Tenn. – On Apr. 11, 2013, Walter Cardin, 55, of Metairie, La., was sentenced to serve 78 months in prison followed by two years of supervised release, by the Honorable Curtis L. Collier, U.S. District Judge. Cardin was convicted at trial in November 2012, after being charged by a federal grand jury with eight counts of major fraud against the Tennessee Valley Authority (TVA), an agency of the United States.

The indictment and subsequent conviction of Cardin was the result of a six-year investigation conducted by the TVA-Office of Inspector General (TVA-OIG). The trial revealed that Cardin, as safety manager for the Shaw Group (formerly Stone & Webster Construction) at TVA's Brown's Ferry Nuclear site in Athens, Ala., provided false and misleading information about injuries at that facility as well as TVA's Sequoyah Nuclear site in Soddy Daisy, Tenn., and TVA's Watts Bar Nuclear site near Spring City, Tenn. The Shaw Group had a contract with TVA to provide maintenance and modifications to the three facilities and to provide construction for the Brown's Ferry Unit Number 1 reactor restart. Cardin generated false injury rates which were used by the Shaw Group to collect safety bonuses of over \$2.5 million from TVA. As part of a civil agreement filed with the United States in 2008, the Shaw Group paid back twice the amount of the ill-gotten safety bonuses.

Cardin was convicted of providing the false information about injuries by underreporting their number and severity. The false information was generated at the three plants in 2004 and 2005, and at the Brown's Ferry and Sequoyah plants in 2006. The evidence presented at trial encompassed over 80 injuries, including broken bones, torn ligaments, hernias, lacerations, and shoulder, back, and knee injuries that were not properly recorded by Cardin. Some employees testified that they were denied or delayed proper medical treatment as a result of Cardin's fraud. Evidence showed that Cardin intentionally misrepresented or simply lied about how the injuries had occurred and how serious the injuries were.

Judge Collier imposed a more severe sentence for Cardin after he found that he had obstructed justice when he testified falsely during the trial. At trial Cardin denied intentionally misclassifying injuries, disputing the evidence to the contrary in the medical records and from injured employees. Cardin also denied knowing that safety bonuses were tied to his classifications of the injuries. Investigators found emails sent by Cardin with this information and additional information tying the safety bonuses to the injury rates in Cardin's desk drawers. Judge Collier cited the twin aims of deterrence and retribution to justify Cardin's sentence.

U.S. Attorney William C. Killian commended the efforts by the TVA-OIG investigators in the case who obtained and reviewed over 500,000 documents and interviewed hundreds of witnesses as part of the investigation. In addition to the monetary losses to TVA, U.S. Attorney Killian spoke of the other the consequences of the fraud stating, “The defendant’s practices affected the safety of the work environment of nuclear sites. They resulted in employees becoming more reluctant to report injuries, employers failing to address safety issues on the work sites, and employees working through medical conditions that created risks of additional injuries to themselves and others. We will continue to vigilantly guard against unsafe work environments, as well as waste, fraud, and abuse of government funds.”

This case was investigated by TVA-OIG. Assistant U.S. Attorneys Perry H. Piper and Gregg L. Sullivan represented the United States at trial.

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