



U.S. Department of Justice

*United States Attorney
Northern District of Illinois*

*Patrick J. Fitzgerald
United States Attorney*

*Federal Building
219 South Dearborn Street, 5th Floor
Chicago, Illinois 60604
(312) 353-5300*

FOR IMMEDIATE RELEASE
THURSDAY JANUARY 6, 2011
www.justice.gov/usao/iln

PRESS CONTACTS:
AUSA Mark E. Schneider (312)353-5356
Randall Samborn (312)353-5318

**BRUNT BROS., ITS OWNER AND NON-MINORITY CONTRACTOR INDICTED
FOR ALLEGED MINORITY CONTRACT FRAUD ON CITY SEWER WORK**

CHICAGO — The owner of a Chicago company certified as a minority-owned business, his company, and the former president of a non-minority contractor were indicted today on federal fraud charges for allegedly scheming to use the minority business merely as a “pass-through” on a multi-million dollar sewer cleaning and inspection contract. The company, **Brunt Bros. Transfer, Inc.**, allegedly fraudulently received more than \$3 million since 2000 after being hired to clean and videotape city sewers south of 63rd Street as part of the Southern Third Chicago Sewers Contract, also known as the Southern District Contract, when, in fact, it did not actually perform the work specified by the contract.

Brunt Brothers, its owner **Jesse Brunt**, and **Anthony Duffy**, who at first worked for one company and then later co-owned a different company, both now defunct, that allegedly actually did the work that Brunt Brothers was supposed to perform, were each indicted on three counts of mail fraud in an indictment returned today by a federal grand jury. The indictment also seeks forfeiture of \$3 million.

Brunt, 74, of Chicago; Duffy, 46, of Bartlett, and the company will be arraigned at a later date in U.S. District Court in Chicago.

The indictment was announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Joseph Ferguson, Inspector General for the City of Chicago, who has been a valuable partner with the FBI in the investigation, Mr. Fitzgerald said.

“M/WBE work is a vital provider of economic opportunity in communities throughout the City. We will continue to work with our federal partners to eliminate the waste, fraud, and abuse that has historically plagued this program,” Mr. Ferguson said.

According to the indictment, beginning in 1999, Brunt and Brunt Brothers fraudulently sought, obtained and maintained certification by the City of Chicago as a minority business enterprise (MBE) in the field of sewer cleaning, despite Brunt Brothers not having the capacity to perform the work itself. To obtain and maintain this status, Brunt Brothers was required to demonstrate it performed a commercially useful function.

The indictment alleges that in August 2000 Brunt falsely certified in documents filed with the city that Company A would perform a certain value of work for Brunt Brothers under the Southern District Contract, but substantially under-represented the extent of work that he expected Company A would perform. In a November 2000 letter to the city, Brunt falsely represented that Brunt Brothers would subcontract no more than 40 percent of the work, barring an emergency, to Company A, a non-minority sewer cleaning company where Duffy was a manager and employee from 2000 to 2003. Brunt further falsely represented that his company would obtain the equipment necessary to complete the project, the charges allege.

It was part of the scheme, however, that Brunt Brothers would and did operate merely as a “pass-through” for the contract, did not perform a commercially useful function, and did not actually

perform, manage or supervise the work, as Brunt and Duffy knew and orchestrated, according to the indictment. Between 2000 and 2003, Company A performed substantially all of the work that Brunt Brothers had contracted to perform, it adds.

In 2003, Duffy and others formed Company B to acquire the sewer cleaning assets of Company A and, among other purposes, to have Company B provide the services purportedly performed by Brunt Brothers that had previously been performed by Company A. Between 2003 and 2005, Brunt and Duffy allegedly arranged for and caused Company B to perform substantially all of the services required of Brunt Brothers under the Southern District Contract. As part of the scheme, Duffy allegedly caused Company B to prepare Brunt Brothers invoices for work Duffy and Brunt knew was actually performed by Company B. Further, Brunt and Duffy fraudulently inflated Brunt Brothers invoices to the city approximately 15 percent in excess of the amount that Company B invoiced to Brunt Brothers, the indictment alleges.

In addition, the charges allege that Duffy caused Company B to assist in preparing Brunt Brothers' bid for a new sewer cleaning and inspection contract, intending that Brunt Brothers would operate as a "pass-through" for Company B. In documents filed with the city in 2003, Brunt allegedly falsely represented that Company C would participate in the contract as both an MBE and a women-owned business enterprise (WBE.) Brunt also omitted and failed to disclose the identity and participation of Company B as a subcontractor on economic disclosure statements signed in 2003 and 2005 and filed with the city, the charges add.

The government is being represented by Assistant U.S. Attorney Mark E. Schneider.

Each count of mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine. The company faces a maximum penalty of five years probation and a \$500,000 fine on each

count. As an alternative, the Court may impose a maximum fine totaling twice the loss to any victim or twice the gain to any defendant, whichever is greater, and restitution is mandatory. If convicted, the Court must determine a reasonable sentence to impose under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

#