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News Release

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Minnesota transit constructors to pay U.S. \$4.6 million to resolve false claims act liability

*Joint Venture Allegedly Submitted False Claims Related to Transit Project
To Link Minneapolis-St. Paul to Mall of America*

MINNEAPOLIS – In conjunction with the U.S. Department of Justice in Washington, D.C., the U.S. Attorney for the District of Minnesota, B. Todd Jones, today announced that Minnesota Transit Constructors, Inc. (MnTC), a joint venture comprised of Granite Construction, C.S. McCrossan, Inc., and Parsons Transportation Group, as well as a number of subcontractors, has agreed to pay the United States \$4.6 million to resolve allegations that it knowingly submitted false claims related to a federally funded transit construction project in Minneapolis. The United States alleges that MNTC falsely claimed it had used Disadvantaged Business Enterprises (DBEs) for part of its work on the project, when, in fact, it had not. The U.S. Department of Transportation's DBE program provides assistance to businesses owned by minorities and women, as well as socially and economically disadvantaged individuals, that would like to participate in federally funded construction and design projects.

MnTC was the prime contractor on the project to design and build the Hiawatha Light Rail Transit System, a light-rail line linking Minneapolis, St. Paul, the Twin Cities' International Airport, and the Mall of America. To obtain and maintain its contract, MnTC and its subcontractors were required to comply with the DBE regulations and accurately report DBE contracting. MnTC claimed that materials and services for the project were provided by DBEs, when, in truth, they actually were provided by non-DBE subcontractors, with the DBEs merely serving as extra participants to make it appear as if they were truly involved.

“The Disadvantaged Business Enterprises program helps businesses owned by minorities and women work on federal construction projects,” said Tony West, Assistant Attorney for the Civil Division of the Department of Justice. “Those who make misrepresentations in order to participate in this program and obtain federal funds take advantage both of the taxpayers and the

businesses that the program is designed to assist.”

U.S. Attorney B. Todd Jones added, “When businesses misrepresent those working with them to obtain government contracts, they violate the law and economically harm subcontractors who already face numerous disadvantages in the workplace. This resolution helps to correct that injustice in this instance.”

The government’s claims were based on an investigation conducted by the Justice Department’s Civil Division, the U.S. Attorney’s Office for the District of Minnesota, the U.S. Department of Transportation’s Office of Inspector General, and the Federal Transit Administration. Assistant United States Attorney Ann M. Bildtsen led those efforts in Minnesota.

“DBE fraud harms the integrity of the DBE program and law-abiding contractors, including many small businesses, by defeating efforts to ensure a level playing field in which all firms can compete fairly for contracts,” said Michelle McVicker, regional Special Agent-in-Charge of the U.S. Department of Transportation Office of Inspector General. “Our agents and investigators will continue to work with the Secretary of Transportation, the Administrator of Federal Transit, and prosecutorial colleagues to expose and shut down DBE fraud schemes that adversely affect public trust and DOT-funded transit programs throughout Minnesota and elsewhere.”

“This violation of law is not acceptable, and the Federal Transit Administration will remain vigilant in cracking down on unscrupulous behavior wherever it occurs,” said Administrator Peter Rogoff, Federal Transit Administration. “The spirit and intent of this law is to help level the playing field for small and disadvantaged businesses so they may continue to achieve success while strengthening our economy and our transit systems.”

The Justice Department’s total recoveries in False Claims Act cases since January 2009 have topped \$7.5 billion.

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