

CLIENT ALERT

Procurement Collusion Strike Force Brings First Case Against Government Contractor in North Carolina

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Late Friday, the Department of Justice announced its first charges under the Procurement Collusion Strike Force. A federal grand jury seated in the Eastern District of North Carolina returned a six-count indictment against Ohio-based Contech Engineered Solutions LLC and its former executive for their involvement in a decade-long conspiracy to rig bids for North Carolina Department of Transportation contracts. The contracts were funded by both the U.S. government and the state of North Carolina, and involved aluminum drainage structure projects adjacent to roads, bridges, and overpasses.

The Raleigh-based executive charged in the indictment was the employee responsible for supervising the preparation and submission of bids in response to the relevant NC DOT opportunities. The indictment alleges that, in advance of submitting bids on behalf of his employer, the executive contacted - or directed his subordinate to contact - employees at the co-conspirator, requested the co-conspirator's bid pricing, and then used that information to finalize bids on behalf of Contech, in violation of the Sherman Act. In addition to the antitrust counts, the defendants were also charged with mail and wire fraud related to knowingly submitting fraudulent statements that their proposals had been submitted "competitively and without collusion."

Notably, the Eastern District of North Carolina is not one of the PCSF's partner districts, suggesting that the reach of the PCSF has extended farther than initially expected. Underscoring the mission of the PCSF and the scrutiny of public procurements, the U.S. Attorney for the district remarked, "Here, the defendants are accused of having conspired to violate those laws and to deprive the people of North Carolina of both the best service and the best pricing. Prosecution of these types of cases is critical to ensuring fairness and integrity in our public contract bidding system."

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