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Jacintoport International LLC and Seaboard Marine Ltd Agree to Settle False Claims Allegations Related to Delivery of Humanitarian Food Aid

The Justice Department announced today that Jacintoport International LLC (Jacintoport) and Seaboard Marine Ltd. (Seaboard Marine) have agreed to pay \$1.075 million to settle a lawsuit alleging that the companies violated the False Claims Act in connection with a warehousing and logistics contract for the storage and redelivery of humanitarian food aid. Jacintoport is a cargo handling and stevedoring firm headquartered in Houston, Texas, and Seaboard Marine, an affiliate of Jacintoport, is an ocean transportation company headquartered in Miami, Florida.

In its lawsuit, the United States alleged that Jacintoport executed in 2007 a warehousing and logistics contract with the United States Agency for International Development (USAID) for the storage and redelivery of emergency humanitarian food aid. This contract contained explicit caps on the rates Jacintoport could charge ocean carriers to load humanitarian food aid onto ships (referred to as “stevedoring” charges) bound for crisis areas around the world. The complaint alleges that beginning around January 2008 and continuing through at least October 2009, Jacintoport, under the supervision and control of Seaboard, charged ocean carriers more for stevedoring than permitted to load over 50,000 tons of humanitarian food aid. These inflated stevedoring charges were subsequently lumped into other costs for delivering humanitarian food aid and passed on to the United States.

“USAID’s humanitarian food aid program provides critical assistance to starving people all over the world,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “The Justice Department will hold accountable those who seek to abuse this important program.”

“It is unacceptable for companies that do business with the federal government to inflate their costs,” said U.S. Attorney Channing D. Phillips for the District of Columbia. “This settlement demonstrates our determination to protect the taxpayers’ dollars – and humanitarian programs – from abuse.”

The allegations resolved by this settlement were initially brought in a lawsuit filed under the *qui tam* or whistleblower provisions of the False Claims Act by John Raggio, a shipping contractor who allegedly received an invoice from Jacintoport that contained the excessive stevedoring charge. Under the Act’s *qui tam* provisions, a private citizen, known as a “relator,” can sue on behalf of the United States and share in any recovery. The United States is permitted to intervene in the lawsuit, as it did here. Raggio will receive \$215,000. Earlier today, the government requested that the case be dismissed.

This matter was handled by the Civil Division’s Commercial Litigation Branch and the U.S. Attorney’s Office for the District of Columbia, with assistance from the USAID Office of the Inspector General. The claims resolved by this settlement are allegations only and there has been no determination of liability. The case is *United States ex. rel. Raggio v. Jacintoport International, LLC, et al.* Case No. 1:10-cv-01908 (D.D.C.).