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**DANBURY-BASED CONSTRUCTION COMPANY AGREES
TO PAY \$800,000 TO RESOLVE CIVIL FRAUD ALLEGATIONS**

David B. Fein, United States Attorney for the District of Connecticut, today announced that THE MORGANTI GROUP, INC., of Danbury, Connecticut, has entered into a civil settlement agreement with the Government in which it will pay \$800,000 to resolve allegations that it violated the False Claims Act, the Foreign Assistance Act, and the common law as the result of the submission of false pre-qualification documents required of contractors before bidding on two construction projects in the Kingdom of Jordan that were funded in part by the United States Agency for International Development (USAID).

In February 2000, THE MORGANTI GROUP, INC. ("MORGANTI") submitted a pre-qualification application to the USAID for the Greater Amman Water Project. The application specifically inquired whether the applicant had ever failed during a specified time frame to complete any work awarded to it. MORGANTI indicated that it had not failed to complete any work awarded to it during the time span, and was eventually awarded the contract for the Greater Amman Water Project. However, the company failed to disclose that, in April 1997, the federal Bureau of Prisons (BOP) had terminated a construction contract with a wholly-owned subsidiary of MORGANTI.

MORGANTI also submitted a pre-qualification application to the USAID in March 2002 for the Aqaba Water Project. This application also requested that the applicant list any instances where it had failed to complete any work awarded to it during a specified time frame. MORGANTI again failed to disclose the 1997 termination of the construction contract with the BOP and was eventually awarded the contract for the Aqaba Water Project.

The False Claims Act provides for up to treble damages and penalties of \$5,500 to \$11,000 per false claim submitted to the Government. The Foreign Assistance Act prohibits the submission of false claims to the Government for payment from funds intended for foreign assistance. The damages provision of this statute provides for, among other things, a penalty of

either double damages or 50 percent of the contract amount.

As a result of the settlement, there will be no lawsuit filed against MORGANTI regarding the company's pre-qualification applications for the Greater Amman and Aqaba Water Projects.

In entering into the settlement, MORGANTI denied any liability, and the agreement indicates that the parties settled this matter to avoid the delay, uncertainty, and expense of litigation. In addition, MORGANTI has implemented a Government contract compliance program that has been found administratively acceptable by the USAID.

The settlement resulted after a lengthy investigation conducted by the USAID's Office of the Inspector General, and the agency's Office of the General Counsel was involved in the settlement negotiations and in the review of MORGANTI's contract compliance program.

The matter was handled within the U.S. Attorney's Office by Assistant U.S. Attorney William A. Collier and Auditor Susan N. Spiegel.

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