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United States Sues Jacintoport International for False Claims in Connection with the Delivery of Humanitarian Food Aid

The United States has filed a complaint against Jacintoport International LLC under the False Claims Act in connection with a warehousing and logistics contract for the storage and redelivery of humanitarian food aid, the Justice Department announced today. Jacintoport is a cargo handling and stevedoring firm headquartered in Houston.

As alleged in the government's complaint, Jacintoport entered into a warehousing and logistics contract with the U.S. Agency for International Development (USAID) for the storage and redelivery of emergency humanitarian food aid in 2007. This contract, among other things, contained explicit caps on the rates Jacintoport could charge to load humanitarian food aid onto ships (referred to in the industry 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 regularly exceeded these caps, resulting in inflated charges to the United States in connection with the delivery of more than 50 thousand tons of humanitarian food aid.

"USAID's humanitarian food aid program provides critical assistance to starving people all over the world," said Stuart F. Delery, Assistant Attorney General for the Civil Division of the Department of Justice. "The Justice Department will take action against those whom we believe improperly charged the taxpayers in providing vital humanitarian aid."

"This action is part of our commitment to protecting the taxpayers' money and ensuring the integrity of foreign assistance programs," said U.S. Attorney Ronald C. Machen Jr. "When contractors do not meet their obligations, they will be held accountable."

"It is our number one priority to ensure that taxpayer dollars are wisely and properly used," stated the USAID Deputy Inspector General Michael Carroll. "This case is another example of the excellent work of the USAID Office of Inspector General and the Department of Justice. We will continue to investigate and pursue this type of misconduct wherever and whenever it occurs."

The United States' complaint was filed in a lawsuit initiated under the *qui tam* or whistleblower provisions of the False Claims Act by John Raggio, who allegedly received an invoice from Jacintoport that contained the excessive stevedoring charge. The act imposes treble damages and penalties for the submission of false claims for government money and/or property. 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 has done here.

The Justice Department's Civil Division and the U.S. Attorney's Office for the District of Columbia, with assistance from the USAID Office of the Inspector General, handled the investigation of this matter. The

claims alleged in the United States' complaint are only allegations and do not constitute a determination of liability.

The case is *United States ex. rel. Raggio v. Jacintoport International LLC* Case No. 1:10-cv-01908 (D.D.C.).

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Civil Division