



JUSTICE NEWS

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Following a week-long trial, a federal jury in Puerto Rico convicted four individuals for participating in bid rigging and fraud conspiracies at an auction for public school bus transportation services in Puerto Rico’s Caguas municipality, the Department of Justice announced.

Gavino Rivera Herrera, Luciano Vega Martínez, Alfonso Gonzalez Nevarez and René Garay Rodríguez were found guilty today in the U.S. District Court of the District of Puerto Rico, in San Juan, for conspiring to rig bids and allocate the market for public school bus transportation contracts in the municipality of Caguas from approximately August 2013 until May 2015. Each individual was also found guilty of conspiracy to commit mail fraud and four counts of mail fraud for defrauding the municipality of Caguas to fraudulently obtain contracts for school bus transportation services. Sentencing is set for May 30, 2017.

“These defendants enriched themselves at the expense of Puerto Rico schools and have been held accountable by a jury of their peers,” said Acting Assistant Attorney General Brent Snyder of the Department of Justice’s Antitrust Division. “The division will continue to work with our law enforcement partners to ensure that school districts and other consumers benefit from competitive markets.”

“These convictions should serve as a reminder that Federal law enforcement agencies intend to vigorously prosecute those who manipulate government bidding processes to enrich themselves illegally,” said U.S. Attorney Rosa Emilia Rodríguez-Vélez of the District of Puerto Rico. “Federal law enforcement agencies will continue their ongoing efforts to investigate and prosecute these crimes, in order to promote and protect free and fair competition in the marketplace.”

“The defendants’ actions in depriving the citizens of Caguas of the right to choose what is best for the transportation of their schoolchildren, while also putting the defendants’ own financial interests above those of equally deserving Puerto Rican business owners, were particularly harmful



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during these difficult economic times.” said Special Agent in Charge Douglas A. Leff of the FBI’s San Juan Division. “The FBI is grateful for its partnership with the Antitrust Division and the U.S. Department of Education Office of Inspector General for their endless dedication to protecting the rights of all businesses, large and small, to compete in a fair marketplace.”

“Today’s action demonstrated that these business owners willfully and intentionally sought to enrich themselves at the expense of students and taxpayers. That is unacceptable,” said Special Agent in Charge Yessyca Santana of the U.S. Department of Education Office of Inspector General’s Southeastern Regional Office. “The Office of Inspector General will continue to work with our law enforcement partners to aggressively pursue anyone who games the system for their own selfish purpose and protect these vital funds from this type of calculated plunder.”

According to evidence presented at trial, the four school bus company owners and other co-conspirators carried out the conspiracy by agreeing during meetings and communications to allocate contracts for transportation routes awarded by the municipality of Caguas. Trial evidence showed that the conspirators submitted fraudulent certifications and received award letters by certified mail in connection with their conspiracy to defraud the Municipality of Caguas.

The defendants were convicted of bid rigging and market allocation in violation of the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. They were also convicted of one count of conspiracy to commit mail fraud and four counts of mail fraud. Each count of mail fraud, and conspiracy to commit mail fraud, carries a maximum sentence of 20 years in prison and a \$250,000 fine.

Today’s conviction arose from a federal antitrust investigation into price fixing, bid rigging and other anticompetitive conduct in Puerto Rico’s school bus transportation services industry. This investigation is being conducted by the Antitrust Division’s Washington Criminal I Section, the District of Puerto Rico U.S. Attorney’s Office, the FBI’s Puerto Rico Field Office and the U.S. Department of Education Office of Inspector General. Anyone with information in connection with this investigation is urged to call the Antitrust Division’s Washington Criminal I Section at 202-307-6694, visit www.justice.gov/atr/contact/newcase.html or call the FBI’s Puerto Rico Field Office at 787-754-6000.

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