



Department of Justice

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FIVE SCHOOL BUS OWNERS INDICTED FOR BID-RIGGING AND FRAUD CONSPIRACIES AT PUERTO RICO PUBLIC SCHOOL BUS AUCTION

WASHINGTON – A federal grand jury in San Juan, Puerto Rico, returned an indictment against five individuals for participating in bid rigging and fraud conspiracies at an auction for public school bus transportation contracts in Puerto Rico’s Caguas municipality, the Department of Justice announced today.

A seven-count felony indictment was filed yesterday in U.S. District Court of the District of Puerto Rico in San Juan against five bus transportation company owners: Gavino Rivera-Herrera, Luciano Vega-Martínez, Alfonso Gonzales-Nevarez, José L. Arroyo-Quñones and René Garay-Rodríguez.

Count one charges the bus owners with participating in a conspiracy to rig bids and allocate the market for public school bus transportation services in the Caguas municipality. The second count charges the bus owners with conspiracy to commit mail fraud and counts three through seven charge the bus owners with committing mail fraud. According to the indictment, the defendants and others defrauded, and conspired to defraud, the Puerto Rico Department of Education and the Caguas municipality, among others, in order to fraudulently obtain contracts for school bus transportation services.

These charges relate to a 2013 Caguas municipality auction, at which four-year contracts for public school bus transportation were awarded. The indictment alleges that the defendants participated in the charged offenses from around August 2013 until at least May 2015.

“The defendants are charged with depriving taxpayers, the Municipality of Caguas and the Puerto Rico Department of Education of the benefits of a competitive bidding process for school bus contracts,” said Assistant Attorney General Bill Baer of the Justice Department’s Antitrust Division. “This is unacceptable. The Division will continue its efforts to protect U.S. citizens across the country and hold accountable those who subvert competition.”

“Today’s case is the latest in our ongoing efforts to investigate and prosecute financial crimes, one of the priorities of the Department of Justice,” said U.S. Attorney Rosa Emilia Rodríguez-Vélez of the District of Puerto Rico. “These arrests serve as a reminder that federal law enforcement agencies intend to vigorously prosecute those who manipulate the economic system to enrich themselves at the expense of the government.”

"Price fixing victimizes the consumer which in this case are the honest, hardworking and tax paying citizens living in Puerto Rico," said Special Agent in Charge Carlos Cases of the FBI's San Juan Division. "Let there be no doubt, the FBI, along with law enforcement partners, will continue to investigate, charge and prosecute any individuals involved in these type of acts."

The bus owners are charged with bid rigging and market allocation in violation of the Sherman Act, which carries a maximum sentence of 10 years in prison and a \$1 million criminal 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 \$1 million. 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.

This is the first case resulting from an ongoing 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 U.S. Attorney's Office of the District of Puerto Rico, 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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