

Court Decision will Disqualify Tutor-Saliba-Perini from Future MTA Contracts, Burke Says

- **Feds to Investigate**
--May Bar Firm from Contracts, MTA Counsel says

(Aug. 2, 2001) The Superior Court judgment against Tutor-Saliba-Perini Corp. "will certainly disqualify this contractor from bidding" on MTA projects in the future, CEO Julian Burke told a group of reporters gathered, Wednesday, at MTA Headquarters.

The federal government also must investigate charges of illegal activity by the firm with an eye toward possibly barring Tutor-Saliba-Perini from future government contracts, said Assistant County Counsel Steve Carnevale.

A Superior Court jury on Wednesday awarded the MTA \$29.5 million in damages against Tutor-Saliba-Perini. The agency had accused the contractor of unfair and improper business practices during construction of the Metro Red Line.

Carnevale reminded reporters that the subway project – for which the contractor received some \$945 million – was partially funded by the federal government.

"Because of federal involvement, the MTA has an obligation to report the developments in the case, which it has been all along," Carnevale said.

David Casselman, the MTA's lead attorney in the suit against the contractor, said witness testimony and documents obtained during the case showed "that there was a systematic and massive amount of unfair and improper business activity taking place below the surface concealed from the MTA, concealed from its contract management, concealed from its auditors."

A measure of 'deterrence'

Casselmann said the jury awarded almost \$12 million to the MTA as a measure of "deterrence" against future illegal activities by contractors. That sum represents almost all of the profits Tutor-Saliba-Perini reported on its books for the contracts at issue, he said.

Supervisor Zev Yaroslavsky said the Board was determined to pursue the case because it "felt so strongly that what was at stake here wasn't just this claim, but the way of business life in this community. If we walked away from this case, we would be inviting fraud to be a daily way of life of doing business in Los Angeles County...."

Asked if he was disappointed that the award of \$29.5 million was less than the \$41 million in damages the MTA had sought, Burke noted that such jury decisions are based on subtle factors. "There's no formula for such decision-making," he said.

Burke said the MTA expects to "recover most, if not all," of the \$19 million the agency spent in legal fees during the suit against Tutor-Saliba-Perini.

Noting that the MTA works with hundreds of contractors, the CEO said, "The great majority of our contractors are honest, hard-working people who are trying to do their job in accordance with the contract." He said

there is only a “handful of cases” that ever go to court.

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