


[Home](#)
[CEO Hotline](#)
[Viewpoint](#)
[Classified Ads](#)
[Archives](#)
[Metro.net](#) (web)

Resources

[Safety](#)
[Pressroom](#) (web)

[CEO Hotline](#)
[Metro Projects](#)
[Facts at a Glance](#)
(web)

[Archives](#)
[Events Calendar](#)
[Research Center/
Library](#)
[Metro Cafe](#) (pdf)

[Metro Classifieds](#)
[Retirement
Round-up](#)

Metro Info

[Strategic Plan](#) (pdf)

[Org Chart](#) (pdf)

[Policies](#)
[Training](#)
[Help Desk](#)
[Intranet Policy](#)

Need e-Help?

Call the Help Desk
at 2-4357

[E-Mail Webmaster](#)

Court Orders Red Line Subcontractor to Pay Metro \$5.2 Million

- Company violated federal minority contracting rules
- Submitted at least 135 false claims

By ED SCANNELL

(June 29, 2004) A Los Angeles Superior Court judge has ordered a Metro Rail construction subcontractor and its principals to pay Metro \$5.2 million in damages and penalties for violating federal Disadvantaged Business Enterprise (DBE) regulations and submitting false claims during construction of the Metro Red Line.

[More on this story]

[The Facts of Metro's
Case Against Oved &
Associates](#)

The order by Judge Wendell Mortimer, Jr. follows his finding in March 2004 that Oved & Associates Construction Services Inc. and its principals, Pinhas Oved and Mary Harel, had engaged in a series of litigation abuses, including alteration of essential electronic evidence in violation of court orders.

Judge Mortimer also terminated Oved's claims against Metro and established Metro's claims against Oved as true.

In a similar case, Metro Red Line contractor Tutor-Saliba/Perini, J.V., was ordered in 2001 to pay damages and fees totaling \$63 million. The court ruled that Tutor-Saliba had submitted false claims for payment, violated minority subcontracting regulations and committed more than 1,000 acts of other unfair business practices.

A state court is expected to rule on an appeal by Tutor-Saliba/Perini later this year.

Supports contracting community

"Metro is a strong supporter of the contracting community and we are committed to honoring our obligations under federal and minority contracting rules," said MTA Board Chairman Zev Yaroslavsky.

"Unfortunately there are a few unscrupulous contractors who will try to take advantage of the challenges that come with overseeing large public works projects," he said, "however, the court's judgment should serve notice to contractors that where the public has been defrauded, we will take the necessary action. Rulings like these provide the deterrent effect of preventing future fraud against Metro and other public entities."

The order granting Metro's request for \$5.2 million dollars in damages and penalties against Ovid & Associates was rendered after Metro submitted proof of over \$400,000 in actual damages, which were tripled pursuant to the California False Claims Act.

The court also found that Oved submitted a minimum of 135 separate false claims during the course of the construction. Each of these claims

subjected the Oved parties to a \$10,000 fine.

Violated 'Buy America' rules

According to court documents the Oved parties were fined for violating minority contracting rules imposed on Metro by the Federal Government; fined for violating the "Buy America" regulations which prohibit the purchase and installation of foreign steel and fined for presenting claims for work either not performed or for exaggerated amounts.

In addition to the judgment, Metro has initiated administrative proceedings seeking an order barring Oved, its officers and affiliates from bidding on any Metro construction projects for five years.

"This debarment order will not only prevent Oved from bidding on Metro work, but the company also must disclose the order in any bid on a public works project undertaken by other public entities," said CEO Roger Snoble. "The debarment procedure is intended to protect the public from untrustworthy contractors. Obviously, any contractor who engages in this type of conduct should not be working on taxpayer financed construction."

| [Home](#) | [Phone Directory](#) | [Forms Online](#) | [FIS Online](#)