



May 5, 2010

MADIGAN FILES CIVIL SUIT AGAINST CASTLE CONSTRUCTION FOR MINORITY SUBCONTRACTING FRAUD***Suit Alleges that Firm Defrauded the Chicago Public Building Commission and Chicago Transit Authority by Falsifying Contract Documents***

Chicago — Attorney General Lisa Madigan today announced a lawsuit against Castle Construction Corp., alleging the Chicago firm fraudulently obtained public funds reserved for minority-owned subcontracting firms.

Madigan's civil complaint, which also names Castle's president and owner Robert Blum as a defendant, alleges the defendants intentionally defrauded both the Chicago Transit Authority (CTA) and the City of Chicago's Public Building Commission (PBC) by falsifying bid and contract documents so that Castle was in compliance with the PBC's and CTA's minority-owned subcontracting requirements.

"Castle Construction's alleged deceptive practices effectively prevented other legitimate companies from securing contracts intended to provide business growth opportunities for minority-owned businesses," Madigan said. "Castle would never have received these public contracts without fraud and deception."

In 2006, Castle received a contract from the CTA to upgrade three train and bus-washing facilities. The Attorney General's complaint alleges that the defendants falsely certified that a minority-owned business would perform heating, ventilation and air-conditioning subcontract work on the project. The lawsuit alleges that Castle itself performed most of the subcontract work instead of assigning it to a minority-owned subcontractor, rendering Castle noncompliant with the CTA's contractual requirements for employing minority-owned subcontractors.

Similarly, in 2007, Castle received a contract from the PBC to construct a firehouse on the City's North Side. As part of their winning bid, Madigan's lawsuit alleges the defendants falsely certified that a minority-owned business would perform masonry subcontract work on the project; however, the defendants hired a non-minority-owned business to perform the subcontract work.

The complaint contends that the defendants had no intention of subcontracting with the minority-owned businesses named in their bid documents and that, after winning both the CTA and PBC bids, the defendants continued their fraud by submitting additional false documentation.

Madigan's lawsuit alleges violations of the Illinois Whistleblower Reward and Protection Act, which permits the Attorney General to recover monies illegally received from the CTA and the PBC, as well as fines of up to \$11,000 for each instance of fraudulent conduct.

Attorney General Madigan obtained a criminal indictment against both Castle and Blum from a Cook County Grand Jury in 2009 with respect to this alleged fraudulent conduct. That case is ongoing.

Special Litigation Bureau Chief Carl Bergetz and Special Litigation Assistant Attorneys General Jon Rosenblatt and Malini Rao are handling the case for Madigan's Public Interest Division.

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