



March 8, 2011

MADIGAN: CASTLE CONSTRUCTION OWNER PLEADS GUILTY TO FRAUD

Owner Faces Felony Probation and Sizeable Fine

Chicago — Attorney General Lisa Madigan today announced a Chicago-area businessman entered guilty pleas to charges of fraudulently obtaining more than \$18 million in public funds reserved for minority businesses.

Robert Blum, 58, of New Lenox, pleaded guilty to two counts of Minority Business Fraud. Judge Kevin Sheehan sentenced Blum, owner of Markham-based Castle Construction Corp., to two years probation and a fine of \$20,000 and also imposed a \$20,000 fine against the construction company on two counts of fraud. The convictions stem from Blum fraudulently obtaining more than \$18 million in construction contracts with the Chicago Transit Authority (CTA) and the Public Building Commission in 2006 and 2007. The contracts were awarded in part with the requirement that Blum employ minority-owned subcontractors.

“Mr. Blum used his company to defraud taxpayers and deny legitimate minority-owned businesses a fair shot at participating in public contracts,” said Attorney General Madigan.

The Inspector General’s Office of the CTA discovered the defendants’ scheme in October 2007 and referred the case to the Attorney General’s Office, which later uncovered the Public Building Commission contract in the course of its investigation. The CTA and the Public Building Commission both cooperated with the Attorney General’s Office in this investigation. The Cook County State’s Attorney’s Office also participated in the investigation.

Following the 2009 indictment by a Cook County grand jury, Blum and Castle Construction were suspended from participating in any federal contracts and prohibited from bidding on city of Chicago or CTA projects. Under the Illinois Procurement Code, Blum and Castle Construction will be barred from doing any business with any state agency as either a general or subcontractor for a period of five years after completion of the sentence.

Blum is scheduled to surrender to federal officials March 23 to begin serving a two-year sentence for his August 2010 conviction for filing false income tax returns.

Deputy Bureau Chief Mary Bucaro is handling the case for Madigan’s Public Integrity Unit.

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