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City Contractor Receives 17 Month Jail Sentence and Ordered to Pay Restitution for Defrauding City's MWBE Program

On March 13, 2014 Jesse Brunt, owner of Brunt Brothers Transfer, Inc., a certified minority-owned business, was sentenced to a jail term of 17 months in connection with a scheme to defraud the City's Minority and Women-owned Business Enterprise (MWBE) program. Jesse Brunt and Brunt Brothers Transfer Inc. were ordered to pay \$533,749 in restitution for violation of the federal mail fraud statute. Brunt used his company as a minority "pass-through" for sewer cleaning and videotaping service contracts with the City. The case, *United States v. Jesse Brunt, et al*, 11-CR-0017 (ND Ill.), was the result of an investigation initiated by the Office of Inspector General, and conducted jointly with the Federal Bureau of Investigation under the direction of the U.S. Attorney's Office for the Northern District of Illinois.

In January 2011, a federal grand jury returned an indictment charging Jesse Brunt, Anthony Duffy, and Brunt Brothers with three counts of mail fraud. The indictment alleged that from 1999 to 2006 Brunt Brothers fraudulently received more than \$3 million from the City. The payments were for services purportedly performed by Brunt Brothers including cleaning and videotaping City sewers south of 63rd Street, as part of the Southern Third Chicago Sewers Contract. The indictment charged that Brunt Brothers did not actually perform the work specified by the contract, but merely served as a minority pass-through for work performed by a non-minority company. In 2012, Brunt pleaded guilty to the charged scheme. Co-defendant Anthony Duffy pleaded guilty to lying to the Federal Bureau of Investigations about his failure to disclose two key investors in the sewer company – Municipal Sewer Service – that performed work for the City. In 2013, Duffy received a 17-month jail sentence, and agreed to pay \$428,438.74 to the City. In addition, Duffy was permanently enjoined from seeking contract work with the City.

In January 2012, the City of Chicago secured an \$11 million civil settlement from Allied Waste Transportation in connection with substantial shortfalls in minority contract services under waste hauling contracts with the City. The shortfall arose from Allied subcontractors, including Brunt Brothers, illegally operating as minority pass-throughs. The Emanuel Administration applied funds from the Allied settlement to implement wholesale reforms of the City's formerly fraud-plagued MWBE program. The Department of Procurement Services' MWBE reform initiative implemented a number of recommendations made by OIG in a 2012 [report](#), including revamping and strengthening minority contractor certification, training prime contractors, sub-contractors, and city staffers on MWBE program obligations and performance, and enhancing software programs used to track payrolls and payments to sub-contractors in order to make certain that prime contractors are living up to their promises.

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