

Qui Tam Case Against Arbon Equipment Corporation and Rite-Hite Holding Corporation Settles For \$4,000,000; Arbon Employees Who Worked On Federal Prevailing Wage Jobs To Receive Payments

December 26, 2014 – The law firms of Tycko & Zavareei LLP and Schonbrun DeSimone Seplow Harris & Hoffman are pleased to announce the settlement of a qui tam lawsuit brought by their client, Mark Brooks, against defendants Arbon Equipment Corporation (Arbon) and Rite-Hite Holding Corporation (Rite-Hite). The lawsuit alleged that Arbon and Rite-Hite violated “prevailing wage laws,” which include the federal Davis-Bacon Act and Service Contract Act, and certain provision of the California Labor Code. These prevailing wage laws require contractors and subcontractors working on certain types of government-funded projects to pay employees working on those projects specified hourly wages that are higher than minimum wage, and often higher than the employees would be paid for doing similar work on private projects. The action brought by Mr. Brooks, a former Arbon employee, alleged that Arbon and its parent company, Rite-Hite, failed to pay prevailing wages to employees who installed and serviced loading dock equipment at facilities owned by the federal or California state governments.

Pursuant to the terms of the settlement, the Defendants will pay a total of \$4,000,000. In addition, the Defendants have agreed to change their compensation practices and policies to assure compliance with federal and California prevailing wage laws.

In addition, as a result of Mr. Brooks’ decision to blow the whistle, certain of Defendants’ employees will receive substantial payments. As part of the settlement, Arbon and Rite-Hite have agreed to distribute \$1,500 to current or former employees who are identified in their records as having worked on projects subject to the federal prevailing wage laws. In addition, \$600,000 of the settlement will be held in reserve by the U.S. Department of Labor’s Wage and Hour Division for a period of two years, and any current or former employee of Defendants who can provide evidence that he or she was employed on projects for which he or she was entitled to payment of prevailing wages can apply to the Wage and Hour Division for a payment of \$1,500.

The lawsuit was brought under the qui tam provisions of the federal and California False Claims Acts, statutes which make it unlawful for a government contractor to submit false claims for payment, or to make false statements in support of such claims. Under those laws, a private citizen with knowledge of fraud being committed on a government agency or government program may blow the whistle by bringing a lawsuit on behalf of the government. Successful qui tam whistleblowers can receive substantial awards. In this case, Mr. Brooks will receive an award of \$1,164,000 from the federal and California governments.

“This hard-fought lawsuit shows the power of the False Claims Act to encourage whistleblowers, and to incentivize companies to comply with the law,” said attorney Jonathan Tycko. “In addition, this lawsuit demonstrates that qui tam actions under the False Claims Act can be an important tool for enforcing the Davis-Bacon Act and other prevailing wage laws.”

“We are proud to have represented Mr. Brooks, whose decision to come forward has now returned millions of dollars to the American taxpayer, and thousands of dollars to Arbon employees,” said attorney Wilmer Harris.

Whistleblower Mark Brooks added, “I’m very pleased that the government is going to compensate the other workers affected by Arbon’s and Rite-Hite’s flaunting of the prevailing wage laws. It feels good to have helped my fellow employees.”

The lawsuit is captioned *United States and State of California ex rel. Brooks v. Arbon Equipment Corporation and Rite-Hite Holding Corporation*, Case CV 11-08152, and was filed in the U.S. District Court for the Central District of California.

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