



**US brings civil False Claims Act suit against Delaware company in Amtrak bid rigging, bribery case**

**For Immediate Release**

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PHILADELPHIA — The U.S. Attorney’s Office for the Eastern District of Pennsylvania filed suit against First State Manufacturing on November 17, 2020, for violating the False Claims Act.

The United States alleges that executives from FSM, based in Milford, Delaware, bribed Timothy Miller, a former Amtrak procurement official, with cash, kickbacks, and vacations in exchange for bidding information that allowed FSM to win Amtrak contracts, according to a press release from the U.S. Attorney’s Office. Once FSM secured the contracts, it allegedly provided substandard textile products and conspired with Miller to inflate prices which cost taxpayers even more money.

FSM is further alleged to have attempted to conceal the scheme by directing Miller to falsify records and establish a fake company through which FSM paid him as a “consultant.” Over the course of the scheme, FSM is alleged to have secured six contracts from Amtrak between August 2015 and April 2018.

“This action represents our commitment to seek justice and hold accountable those who violate the law,” said Kevin Winters, Amtrak’s Inspector General. “We appreciate the seamless collaboration with the U.S. Attorney’s Office as well as the sustained professionalism exhibited by our investigative staff and partner agencies in moving the case to this next phase.”

The United States and FSM have entered into a Consent Judgment, subject to the court’s approval, that would resolve the matter without litigation. If approved by the court, FSM would be required to pay more than \$393,000 to the United States, a settlement amount based on the company’s financial status.

Miller and two FSM executives have been criminally prosecuted as a result of the scheme. Miller was sentenced to one year and one day in prison. Donald Scott Crothers, FSM’s Vice President for Marketing and Contract Administration, received a sentence of eighteen months in prison for his role in the scheme. John Gonzales, FSM’s Chief Executive Vice President and Chief Financial Officer, is awaiting sentencing.

The case was investigated by Amtrak’s Office of Inspector General and the Department of Transportation OIG. More information is available in the press release from the U.S. Attorney’s Office: <https://direc.to/fn9m>.

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