



CIVIL SETTLEMENT FOR BREACH OF CONTRACT/FALSE CLAIMS

Activity Date: July 14, 2017

Web Summary: OIG-WS-2018-301

On July 14, 2017, Sevier Valley Oil Company (Sevier), Rock Canyon Oil Company, and Ron Osborne Trucking agreed to pay a cumulative settlement of \$225,000 to the U.S. Attorney's Office, District of Utah, on behalf of Amtrak. The settlement is the result of an August 2016 civil complaint against Sevier for providing contaminated fuel that caused eight Amtrak locomotives to break down. Sevier filed a third-party complaint against Rock Canyon Oil Company, which sourced some of the contaminated fuel, and against Ron Osborne Trucking, which transported some of the contaminated fuel.

The complaint asked the court to declare that Sevier breached its contract and to order it to pay Amtrak damages. The complaint included a second cause of action stating that Sevier knowingly misrepresented and concealed the type of fuel delivered to Amtrak. The complaint asked the Court to declare that Sevier violated the False Claims Act and award the United States a civil penalty.

Amtrak determined that all of the engine failures were caused by fuel contamination, which clogged the locomotives' fuel injectors. Subsequent analysis showed that the fuel in all of the broken-down locomotives was contaminated with a non-fuel product. Amtrak had to drain the contaminated fuel and make extensive repairs to the locomotives.