

The Vega Altísima Case

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Part I

After Hurricane Inocente hit the islands, on September 18, 1999, the Ocean Company, presided by Engineer A, was hired to clean the city of Vega Altísima. The government of the city hired another engineer, Engineer B, to supervise all the cleaning and reconstruction works in Vega Altísima.

Engineer A considered that the municipality paid little for the specialized services of rehabilitating all the public spaces and removing all the trash. On the other hand, Engineer A knows that in the public auctions for this kind of job, all the companies tend to quote lower than they are supposed to, in order to win the contracts. If they don't quote at low values, they will simply lose. And in these days there were few work opportunities. That is why, on payday, Engineer A decided to submit bills for eight or nine work teams for every three or four teams that were really sent to work in the city. That way, he was assured of a profit that he considered fair in a low profit field.

But the Vega Altísima story doesn't stop there. Supposedly, Engineer A used part of the money that he received for his services to pay a commission to the mayor of Vega Altísima, thus allowing the poorly paid mayor to also gain something from the over billing by the Ocean Company. The mayor should understand that Engineer A had to inflate a little the amount of work done, because if this wasn't done, it was not worth while getting into this business. Furthermore, the mayor's department would be helping a local and completely Puerto Rican enterprise in a tight market.

Would Engineer A be justified in billing for eight or nine teams when he really sent three or four to do the job? Why yes or why no?

Part II

It is possible that the deal could have been between the president of the Oceano Company (Engineer A) and the supervising engineer (Engineer B) hired by the municipality. The latter would have been in a perfect position to notice that it was being billed more than what was done and would have also been in a perfect condition to receive a stipend for his silence.

Are these people justified in having these deals of mutual benefit? Why yes or why no?