



## **CAMERON COUNTY DISTRICT ATTORNEY**

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*County and District Attorney*

### **Report of the Special Grand Jury**

A grand jury was empanelled on May 2, 2007, by the 107<sup>th</sup> Judicial District Court, Honorable Benjamin Euresti, to investigate the activity of the Brownsville Navigation District and all of its contractors and subcontractors on the issue of the bridge between the Brownsville Navigation District and the City of Matamoros, Tamaulipas, Mexico.

The Grand Jury was empanelled as an independent body. The investigation was conducted by the Grand Jury at its own discretion. The investigators of the District Attorney's office were used by the grand jury to serve subpoenas and collect documents and records. Prosecutors of the District Attorney's office with over 20 years combined experience worked with the grand jury to advise their investigation. A former District Attorney and a former Federal Prosecutor were also assigned to work with the grand jury in the investigation as independent Special Prosecutors.

After meeting on 18 different occasions through the initial grand jury term and 4 term extensions, hearing from 28 witnesses, serving and receiving responsive documents upon 8 grand jury subpoenas, and reviewing thousands of pages of documents, including numerous bank records, the Grand Jury made the following determinations and conclusions:

1. All money that was paid by the Brownsville Navigation District was invoiced for and paid according to the invoice. There is no money that is missing or unaccounted for;
2. Money was paid for services that were never received by the Brownsville Navigation District. Those entities receiving the money have either forfeited any money found to be still in their possession or have been indicted for theft in a sealed indictment;
3. Many entities were responsible for the failure of the bridge project.

There is no money that is missing or unaccounted for. Once the District decided to pursue the bridge project, expenditures were made. These expenditures were invoiced and paid accordingly. The initial decision to pursue the bridge project and subsequent decisions to pay invoices as they did are not criminal questions. There are judgment questions entrusted to the BND Commissioners, Port Director, and staff.

More than 20 million dollars was paid by the Brownsville Navigation District in relation to the bridge project. Of that money, more than 15 million was paid to Dannenbaum Engineering Corporation in consulting fees, engineering services fees, related services fees, and success fees. Of that 15 million, 9 million dollars was forwarded to subconsultants for consulting and success fees. Of the 9 million dollars, over 2 million dollars in success fees were invoiced and paid. These success fees related to a diplomatic note allowing construction to begin.

Although the propriety of any of these consulting fees can be questioned, the investigation did not reveal any criminal violations regarding the engineering services fees or the consulting fees. (However, the grand jury did find probable cause to believe that the success fees were imprudently invoiced and imprudently paid, in that monies were paid without receiving the diplomatic note allowing construction to begin.

The investigation determined that the money that had been imprudently invoiced for and imprudently paid was paid as a result of a number of different factors and the actions of a number of different entities.

The entities responsible include a number of subconsultants in Mexico, the Commissioners of the Brownsville Navigation District, the Port Director of the Brownsville Navigation, and Dannenbaum Engineering Corporation.

The grand jury found there to be many factors that contributed to the imprudent payments. There was no independent oversight of payments in port projects, especially an independent chief financial officer to oversee all payments on port projects. There was a lack of adequate training and experience in the elected officials of the Brownsville Navigation District. The elected officials of the Brownsville Navigation District failed to recognize the advice of competent legal counsel and other independent advisors. The elected officials and the port director failed to adequately review the contracts made by the port and the work product of those contractors hired by the port to carry out the contracts. The Port failed to adhere to the established internal policies and controls of the Brownsville Navigation District.

The Grand Jury commends the District Attorney's office and both the special prosecutors involved for their hard work and dedication to this complex investigation. Their work was comprehensive and exhaustive in bringing this matter to a close and the results achieved are exemplary.

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Foreman of the Grand Jury