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United States ex rel. Fields v. Bi-State Development Agency of Missouri-Illinois Metropolitan District

United States Court of Appeals, Eighth Circuit - August 1, 2017 - F.3d - 2017 WL 3254401

Former employee of both a bi-state agency that operated public transportation services and a limited liability company (LLC) brought qui tam action under False Claims Act (FCA) against agency and LLC, alleging that they made false claims to receive federal public-transit funds through Department of Transportation and Federal Transit Administration.

The United States District Court for the Eastern District of Missouri denied agency's motion for summary judgment based on Eleventh Amendment immunity. Operator appealed.

The Court of Appeals held that agency was not an arm of compacting states and instead was comparable to a local governmental entity, and thus, agency was not entitled to Eleventh Amendment immunity from suit in federal court.

Determining whether a bi-state agency is an arm of the compacting states, as basis for Eleventh Amendment immunity from suit in federal court, requires an examination of the nature of the entity, by considering the following factors: (1) whether the compacting states characterize the agency as an arm of the compacting states or as a local governmental entity; (2) whether the compacting states fund the agency; (3) whether the compacting states are financially responsible for the liabilities and obligations the agency incurs; (4) whether the agency's commissioners are appointed by the compacting states or by local governments; (5) whether the functions the agency performs are traditionally state or municipal; and (6) whether the compacting states can veto the agency's actions.

Bi-state agency that operated public transportation services in Missouri and Illinois was not an arm of the compacting states and instead was comparable to a local governmental entity, and thus, agency was not entitled to Eleventh Amendment immunity from suit in federal court, in qui tam action under False Claims Act (FCA), relating to agency's receipt of federal public-transit funds. State funding comprised less than two percent of agency's operating budget, and states were not obligated to assist in paying a judgment against agency, though Missouri's legislature deleted a statutory waiver of sovereign immunity for multistate compact agencies, which suggested that Missouri characterized agency as an arm of the state.