

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA )	<b>Criminal No.: 96CR411</b>
)	
v. )	<b>Filed: 6/3/96</b>
)	
DANI SIEGEL; )	<b>Violations:</b>
VISART MOUNTING & FINISHING CORP.;	
and )	<b>15 U.S.C. §1</b>
GENETRA AFFILIATES, INC. )	<b>18 U.S.C. §371</b>
)	<b>26 U.S.C. §7206(1)</b>
Defendants. )	
-----)	

INDICTMENT

COUNT ONE - SHERMAN ACT CONSPIRACY  
(15 U.S.C. §1)

The Grand Jury charges:

1. Dani Siegel ("Siegel") is hereby made a defendant on the charge stated below.
2. Visart Mounting & Finishing Corp. ("Visart") is hereby made a defendant on the charge stated below.

DESCRIPTION OF THE OFFENSE

3. Beginning as early as November 1987 and continuing until at least October 1991, the exact dates being unknown to the Grand Jury, the defendants and co-conspirators engaged in a combination and conspiracy in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. §1).

4. The aforesaid combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the defendants and co-conspirators, the substantial terms of which were to rig bids and allocate contracts for the supply of display materials awarded by Philip Morris, Inc. ("Philip Morris").

5. For the purpose of forming and effectuating the aforesaid combination and conspiracy, the defendants and co-conspirators did those things which they combined and conspired to do, including among other things:

(a) gave blank stationery to co-conspirators at AM-PM Sales Co., Inc. ("AM-PM") for the purpose of creating what purported to be independent, competitive price quotations to be submitted to Philip Morris. In addition, on many occasions when Philip Morris required vendors that were co-conspirators to submit sealed bids, allowed AM-PM to specify the price that would be quoted in what purported to be independent and competitive sealed bids submitted in the name of the vendors that were co-conspirators or by vendors that were co-conspirators;

(b) designated which vendor of display materials would be the low bidder on contracts awarded by Philip Morris, and arranged for one or more higher, noncompetitive price quotations or bids from other vendors that were co-conspirators to be submitted to Philip Morris;

(c) agreed to pay money to AM-PM in connection with contracts AM-PM had arranged for the vendors that were co-conspirators to receive from Philip Morris, by making payments on false and fraudulent invoices those vendors received from various sham businesses;

(d) made substantial payments of money or arranged for substantial payments of money to be made to purchasing agents at Philip Morris for their assistance in controlling Philip Morris's program for seeking competitive price quotations or bids for contracts for display materials.

#### DEFENDANTS AND CO-CONSPIRATORS

6. Siegel resides in Westhampton Beach and Manhattan, New York. During the period covered by this Count, Siegel was the owner, president and treasurer of Visart.

7. Visart is a corporation organized and existing under the laws of the state of New York and, during the period covered by this Count, had its principal place of business in Bronx, New

York. During the period covered by this Count, Visart engaged in the business of producing and selling display materials.

8. Various persons and firms, including but not limited to AM-PM, not made defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

9. AM-PM, which was located in Englewood, New Jersey and also did business as Masta Display Co., is no longer in business. AM-PM was a broker of display materials. Its major customer was Philip Morris. During the period covered by this Count, Richard Billies ("Billies") was part-owner and president of AM-PM. Billies, who was in charge of sales for AM-PM, was the principal sales representative to Philip Morris. Also during the period covered by this Count, Sidney Rothenberg was a part-owner and secretary of AM-PM and was in charge of its finances.

10. Whenever in this Count reference is made to any act, deed, or transaction of any corporation, such allegation shall be deemed to mean that the corporation engaged in such act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

#### TRADE AND COMMERCE

11. Display materials are used by many manufacturers, among them cigarette, consumer health goods, food, liquor and cosmetic companies, as a means of promoting their products.

12. During the period covered by this Count, Philip Morris purchased substantial quantities of display materials from vendors that were co-conspirators in the conspiracy charged

herein. These vendors were located in a number of states including New York, New Jersey and Wisconsin. The purchases were often made by issuing a contract to a vendor that was a co-conspirator in the conspiracy charged herein after the vendor had submitted a written price quotation or bid pursuant to Philip Morris's program to seek at least three competitive bids for sizable contracts. These price quotations and bids were submitted to Philip Morris at its headquarters in New York City. The vendor then produced the display and delivered the finished products to warehouses in a number of states for distribution to retail stores throughout the United States.

13. Between 1987 and 1991, the defendants and co-conspirators obtained more than \$16.5 million in contracts from Philip Morris as a result of the conspiracy. Of this total, defendant Visart received approximately \$3 million in contracts directly from Philip Morris and an additional \$2 million, approximately, in subcontracts from AM-PM on work awarded to AM-PM by Philip Morris.

14. During the period covered by this Count, the activities of the defendants and co-conspirators with respect to the sale of display materials to Philip Morris were within the flow of, and substantially affected, interstate trade and commerce.

## DEFINITION

15. "Display materials" means the manufacture, assembly, or packaging of any printed point-of-purchase display materials, including but not limited to display stands, posters, banners, counter cards, or sell sheets, used for the advertising or promotion of consumer goods, primarily at retail stores.

## JURISDICTION AND VENUE

16. The aforesaid combination and conspiracy was formed and carried out, in part, within the Southern District of New York within the five years preceding the return of this Indictment.

IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.

## COUNT TWO - CONSPIRACY TO DEFRAUD THE UNITED STATES (18 U.S.C. §371)

The Grand Jury further charges:

### DEFENDANTS AND CO-CONSPIRATORS

17. Siegel is hereby made a defendant on the charge stated below.

18. Genetra Affiliates, Inc. ("Genetra") is hereby made a defendant on the charge stated below.

19. Paragraph 6 and paragraph 10 of Count One of this Indictment are repeated, realleged and incorporated in Count Two as if fully set forth in this Count.

20. Defendant Genetra is a corporation organized and existing under the laws of the state of New York and has its principal place of business in Manhattan, New York. During the period covered by this Count, defendant Genetra was a broker of display materials.

21. During the period covered by this Count, defendant Siegel was the sole officer and shareholder of Genetra.

22. Bert Levine ("Levine"), a co-conspirator during the time period covered by this Count, was a resident of Morris Plains, New Jersey. During the same time, he was the sole owner of Fold Rite Refolding Box Co., Inc., a New Jersey corporation that also did business as Allpak Distribution Services ("Allpak") and Design and Display Sales ("D & D"). During the period covered by this Count, Allpak and D & D were sham businesses.

#### DESCRIPTION OF THE OFFENSE

23. Beginning as early as 1988 and continuing until March 1991, the exact dates being unknown to the Grand Jury, the defendants and co-conspirators did unlawfully, willfully and knowingly conspire, combine, confederate and agree to defraud the United States of America and the Internal Revenue Service ("IRS") by impeding, impairing, defeating and obstructing the lawful governmental functions of the IRS in the ascertainment, evaluation, assessment and collection of income taxes.

#### GOALS OF THE CONSPIRACY

24. One of the primary goals of the conspiracy charged herein was to impede, impair and obstruct the IRS's ability to determine accurately the income and expenses of defendant Genetra

by overstating the company's cost of sales so as to conceal the raising and accumulation of substantial amounts of cash which was never reflected on defendant Genetra's books and records.

THE MANNER AND MEANS BY WHICH THE CONSPIRACY WAS CARRIED OUT

The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

25. Defendant Siegel and Levine, a co-conspirator, agreed that D & D and Allpak, sham companies created and controlled by Levine, would issue false invoices to defendant Genetra. These invoices were false and fraudulent because they purported to represent the sale of goods and/or services that had never been provided and were not intended to be provided to defendant Genetra.

26. Defendant Siegel specified the information that Levine was to include on many of the false invoices, so that the invoices would appear on defendant Genetra's books and records to reflect purchases made in the ordinary course of defendant Genetra's business. The false and fictitious invoices prepared by Levine purported to reflect purchases made by defendant Genetra for supplies used in the manufacture of display materials for defendant Genetra's customers including, Avon Products, William Grant & Sons, Lorillard, Inc. and Warner-Lambert Co.

27. Defendant Siegel caused defendant Genetra to draw checks payable to D & D and Allpak in response to the false invoices it received. In many instances defendant Siegel signed

the checks. Levine deposited the checks and turned over a large percentage of the value of the checks in cash to defendant Siegel.

28. Defendant Genetra treated the full value of the checks issued to D & D and Allpak as purchases in its books and records and on its tax returns for tax years 1988 through 1990 despite the fact that defendant Siegel received a large percentage of the value of the checks back in cash.

#### OVERT ACTS

In furtherance of the conspiracy, and to effect the objects hereof, the following overt acts were committed in the Southern District of New York, and elsewhere:

29. On numerous occasions from 1988 to the spring of 1990, defendant Siegel and Levine met in the offices of defendant Genetra at 29 West 56th Street, New York, New York, to discuss and agree on what the invoices to defendant Genetra would state.

30. On numerous occasions from 1988 to the spring of 1990, defendant Siegel and Levine met in the offices of defendant Genetra and arranged for the delivery of false invoices worth about \$218,574 from D & D and Allpak.

31. On numerous occasions, as set forth below, from 1988 to the spring of 1990, defendant Siegel caused defendant Genetra to issue corporate checks payable to D & D and Allpak, and met with Levine to give him checks pursuant to the false invoices defendant Genetra received from Levine.

32. On numerous occasions, as set forth below, from 1988 to the spring of 1990, defendant Genetra fraudulently accounted for payments to D & D and Allpak as purchases on its books and records.

33. On numerous occasions from 1988 to early May 1990, defendant Siegel met Levine in the offices of defendant Genetra, and elsewhere, and received a total of approximately \$196,716 in cash from Levine.

34. On or about June 2, 1989, defendant Siegel caused defendant Genetra to file a U.S. Income Tax Return Form 1120S with the IRS that falsely represented the company's true total income, by overstating its cost of sales, in particular the purchases it claimed to have made in the purported transactions with D & D and Allpak.

35. On or about July 16, 1990, defendant Siegel caused defendant Genetra to file a U.S. Income Tax Return Form 1120S with the IRS that falsely represented the company's true total income, by overstating its cost of sales, in particular the purchases it claimed to have made in the purported transactions with Allpak.

36. On or about March 19, 1991, defendant Siegel caused defendant Genetra to file a U.S. Income Tax Return Form 1120S with the IRS that falsely represented the company's true total income, by overstating its cost of sales, in particular the purchases it claimed to have made in the purported transactions with Allpak.

SCHEDULE

DATE ON INVOICE	DATE PAID	INVOICE FROM D & D	INVOICE FROM ALLPAK
12/16/87	1/21/88	\$15,180.00	
7/22/88	9/7/88	\$11,180.00	
8/8/88	9/7/88	\$ 8,393.00	
8/12/88	9/26/88	\$ 6,560.00	
8/17/88	9/26/88	\$ 9,240.00	
10/21/88	11/23/88		\$ 9,490.00
10/4/88	11/30/88		\$12,410.00
12/13/88	1/20/89		\$ 5,800.00
12/5/88	1/26/89		\$21,600.00
1/23/89	3/1/89		\$ 8,120.00
2/1/89	3/2/89		\$ 9,750.00
1/9/89	3/3/89		\$ 4,218.00
2/27/89	4/20/89		\$10,560.00
3/13/89	4/20/89		\$12,376.00
9/27/89	11/20/89		\$ 5,760.00
10/2/89	11/20/89		\$ 5,580.00
10/6/89	11/20/89		\$ 2,750.00
11/2/89	12/11/89		\$ 9,660.00
10/20/89	12/11/89		\$ 7,650.00
11/8/89	12/11/89		\$ 4,140.00
12/14/89	1/29/90		\$ 6,422.00
12/6/89	2/5/90		\$ 4,644.00

1/5/90	2/5/90		\$ 4,920.00
3/21/90	5/7/90		\$ 7,135.00
3/26/90	5/7/90		\$ 6,911.00
3/30/90	5/7/90		\$ 8,125.00

IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 371.

COUNT THREE - FRAUD AND FALSE STATEMENTS  
(26 U.S.C. §7206(1))

The Grand Jury further charges:

37. Dani Siegel ("Siegel") is hereby made a defendant on the charge stated below. Siegel resides in Westhampton Beach and Manhattan, New York.

38. On or about July 11, 1990, in the Southern District of New York, defendant Siegel, unlawfully, willfully and knowingly did make and subscribe to Genetra's U.S. Income Tax Return for an S Corporation, Form 1120S, for the calendar year 1989, which was verified by defendant Siegel's written declaration that it was made under penalties of perjury, and which income tax return he did not believe to be true and correct as to every material matter, as follows: in that the Schedule A to the 1989 tax return made and subscribed by defendant Siegel on or about July 11, 1990, reported cost of goods sold of \$8,673,147, a number that included as a purported expense, \$126,664 worth of payments by Genetra to Allpak, whereas, as defendant Siegel then and there well knew and believed, the expenses were false and fraudulent because Allpak's owner had cashed said checks and turned over approximately \$113,997 in cash to defendant Siegel, thus overstating Genetra's cost of goods sold and understating its true total income.

IN VIOLATION OF TITLE 26, UNITED STATES CODE, SECTION 7206(1)

COUNT FOUR - FRAUD AND FALSE STATEMENTS

(26 U.S.C. §7206(1))

The Grand Jury further charges:

39. Dani Siegel ("Siegel") is hereby made a defendant on the charge stated below. Siegel resides in Westhampton Beach and Manhattan, New York.

40. On or about March 14, 1991, in the Southern District of New York, defendant Siegel, unlawfully, willfully and knowingly did make and subscribe to Genetra's U.S. Income Tax Return for an S Corporation, Form 1120S, for the calendar year 1990, which was verified by defendant Siegel's written declaration that it was made under penalties of perjury, and which income tax return he did not believe to be true and correct as to every material matter, as follows: in that the Schedule A to the 1990 tax return made and subscribed by defendant Siegel on or about March 14, 1991, reported cost of goods sold of \$9,231,576, a number that included as a purported expense, \$38,157 worth of payments by Genetra to Allpak, whereas, as defendant Siegel then and there well knew and believed, the expenses were false and fraudulent because Allpak's owner had cashed said checks and turned over approximately \$34,341 in cash to defendant Siegel, thus overstating Genetra's cost of goods sold and understating its true total income.

IN VIOLATION OF TITLE 26, UNITED STATES CODE, SECTION 7206(1)

Dated:

A True Bill

\_\_\_\_\_/s/\_\_\_\_\_  
Foreperson

\_\_\_\_\_/s/\_\_\_\_\_  
ANNE K. BINGAMAN  
Assistant Attorney General

\_\_\_\_\_/s/\_\_\_\_\_  
REBECCA MEIKLEJOHN

\_\_\_\_\_/s/\_\_\_\_\_  
GARY R. SPRATLING  
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\_\_\_\_\_/s/\_\_\_\_\_  
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\_\_\_\_\_/s/\_\_\_\_\_  
MARY JO WHITE  
United States Attorney  
Southern District of New York

SOUTHERN DISTRICT OF NEW YORK , 1996.  
Returned into the District Court by the Grand Jurors and filed.