

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JUDGE RAKOFF

UNITED STATES OF AMERICA

: Criminal No.:

10 CRIM 217

v.

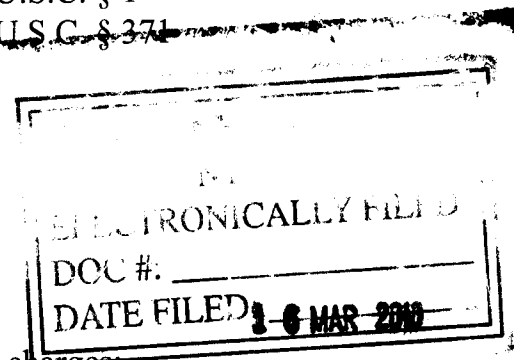
: Filed:

SALVATORE SCOTTO-DiVETTA,

: Violations: 15 U.S.C. § 1

18 U.S.C. § 371

Defendant.



INFORMATION

The United States of America, acting through its attorneys, charges:

1. SALVATORE SCOTTO-DiVETTA ("SCOTTO-DiVETTA") is hereby made a Defendant on the charge stated below.

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

I. THE RELEVANT PARTIES AND ENTITIES

During the period covered by this Count:

2. SCOTTO-DiVETTA held a supervisory position at the New York Presbyterian Hospital's downtown Facilities Operations department ("NYPH") located at 525 East 68th Street, New York, New York. As a supervisor for NYPH, SCOTTO-DiVETTA was instrumental in the award of contracts for vendors to perform various services, including re-insulation services.

3. "CC-1" was a co-conspirator who supervised purchasing officials at NYPH,

including SCOTTO-DiVETTA.

4. "CC-2" was a co-conspirator who was an officer of a corporation that provided re-insulation services to NYPH. This corporation was located in New York, New York.

5. "CC-3" was a co-conspirator who was an officer of two corporations that provided re-insulation services to NYPH. These corporations were located at the same address in Long Island City, New York.

6. Various other persons and firms, not made defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

II. BACKGROUND

7. NYPH maintains a bidding policy to the effect that three bids shall be obtained for all purchases: (a) where the value of a single item is over \$5,000, (b) the value of a single purchase is over \$10,000, (c) the annual value of a product, product line, or service is over \$50,000, or (d) otherwise where competitive bidding would be advantageous. Specific exclusions to this policy are those instances where: (a) an item is purchased through an available group purchasing agreement or contract/pricing agreement, (b) where an item is deemed to be a sole source purchase and there is adequate justification to be a sole source purchase, and (c) where there is no known alternate source.

8. The defendant and co-conspirators attempted to create the appearance that

contracts for re-insulation services were awarded by NYPH in compliance with its competitive bidding policy when, in fact, many were not.

9. Beginning at least as early as 2000 and continuing until at least March 2005, SCOTTO-DiVETTA and CC-1 steered contracts for re-insulation services at NYPH to CC-2's company. In order to make it appear that contracts for re-insulation services had been awarded based on competitive bids, pursuant to the instructions of CC-1, CC-2 and CC-3 arranged for CC-2 to submit bids with intentionally high prices on the letterheads of CC-3's companies. In return for steering contracts to CC-2's company, CC-2 provided kickbacks in the form of cash and American Express gift cards to SCOTTO-DiVETTA. CC-2 also subcontracted a substantial portion of the contracts it was awarded at NYPH through the bid rigging scheme to CC-3's companies.

III. INTERSTATE TRADE AND COMMERCE

10. Beginning at least as early as 2000 and continuing until at least March 2005, NYPH awarded numerous contracts for re-insulation services to CC-2's company, many of which were subcontracted to CC-3's companies. CC-3 purchased substantial quantities of materials and equipment that were transported across state lines for use in performing some of these subcontracts.

11. During the period covered by this Count, CC-3's companies as subcontractors performed re-insulation services pursuant to contracts that are the subject of this Count. The supplies that were used in performing these re-insulation services for

NYPH were produced in states other than New York and shipped across state lines in a continuous and uninterrupted flow of interstate commerce.

IV. DESCRIPTION OF THE OFFENSE

12. Beginning at least as early as 2000 and continuing until at least March 2005, the exact dates being unknown to the United States, SCOTTO-DiVETTA and his co-conspirators, and others known and unknown, 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).

13. The aforesaid combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the defendant and co-conspirators, the substantial term of which was to rig bids for re-insulation services contracts at NYPH.

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

a) at the request of CC-1, SCOTTO-DiVETTA steered re-insulation services contracts at NYPH to CC-2;

b) in order to create the illusion that these contracts were awarded to CC-2's company in compliance with NYPH's competitive bidding policy, CC-1 told CC-2 to obtain high, non-competitive complementary bids from two other vendors;

c) thereafter, CC-2 and CC-3 agreed that CC-3 would give CC-2 blank letterheads of his companies in order for CC-2 to intentionally prepare and submit high, non-competitive complementary bids on behalf of CC-3's companies which created the illusion of a competitive bidding process at NYPH;

d) in return for CC-3 providing blank letterheads, CC-2 and his company subcontracted a substantial portion of the re-insulation services contracts to CC-3's companies; and

(e) SCOTTO-DiVETTA received kickbacks in the form of cash and American Express gift cards totaling approximately \$25,000.00 from CC-2 for his role in steering contracts to CC-2's company. SCOTTO-DiVETTA knew and understood CC-1 also received kickbacks from CC-2.

V. JURISDICTION AND VENUE

15. 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 filing of this Information.

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

COUNT TWO -- CONSPIRACY
(18 U.S.C. § 371)

VI. THE RELEVANT PARTIES AND ENTITIES

The United States of America, acting through its attorneys, further charges:

16. SCOTTO-DiVETTA is hereby made a defendant on the charge stated below.

17. Paragraphs 2 and 7 of Count One of this Information are repeated, re-alleged, and incorporated in Count Two as if fully set forth in this Count.

18. "CC-4" was a co-conspirator who was a member of SCOTTO-DiVETTA's immediate family and owned Company-1, which had a business address in New York, New York.

VII. BACKGROUND

19. NYPH maintains a conflicts of interest policy which includes a prohibition to the effect that an employee will avoid placing business with a vendor, competitor or related organization of NYPH, in which the employee or members of the employee's immediate family have a direct or indirect interest, employment or other financial relationship, unless the relationship is disclosed by the employee and approved by NYPH.

VIII. DESCRIPTION OF THE OFFENSE

20. From at least as early as May 2001 and continuing until at least August, 2005, the exact dates being unknown to the United States, in the Southern District of New York and elsewhere, SCOTTO-DiVETTA and his co-conspirator, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States of America, to wit, to violate Title 18, United States Code, Section 1341, in violation of Title 18, United States Code, Section 371.

21. It was a part and an object of the conspiracy that SCOTTO-DiVETTA and his

co-conspirator, and others known and unknown, unlawfully, willfully and knowingly, would and did devise and intend to devise a scheme and artifice to defraud NYPH, and to obtain money and property from NYPH by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, and attempting to do so, would and did place in post offices and authorized depositories for mail matter, matters and things to be sent and delivered by the Postal Service, and deposit and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, and take and receive therefrom, such matters and things, and knowingly caused to be delivered by mail and such carriers according to the directions thereon, or at the place at which they were directed to be delivered by the persons to whom they were addressed such matters and things, in violation of Title 18, United States Code, Section 1341.

IX. 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:

22. SCOTTO-DiVETTA, in his various supervisory positions at NYPH had the authority to approve the award of certain purchase orders for various services within NYPH's downtown Facilities Operations department, including the requisition and award of purchase orders for equipment parts.

23. In approximately May 2001, SCOTTO-DiVETTA caused CC-4 to create

Company-1. In order to conceal his relationship with CC-4, the owner of Company-1, SCOTTO-DiVETTA further caused CC-4 to use various aliases. In approximately June 2001, in order to further conceal this relationship, SCOTTO-DiVETTA caused CC-4 to create, through a third party company, a business address and an answering service for Company-1 in New York, New York.

24. In his supervisory position, SCOTTO-DiVETTA caused NYPH to fraudulently purchase equipment parts from Company-1 instead of purchasing the same equipment parts directly from those wholesalers/manufactures from whom NYPH had purchased such equipment parts prior to May 2001.

25. After a purchase order was issued to Company-1, SCOTTO-DiVETTA or CC-4 would purchase the required equipment parts from a wholesaler/manufacturer. At times, Company-1 purchased equipment parts for NYPH from the same wholesalers/manufacturers from whom NYPH previously had directly purchased equipment parts. In most instances, SCOTTO-DiVETTA or CC-4, arranged for the wholesaler/manufacturer to deliver the equipment parts directly to NYPH. At times, equipment parts were delivered to SCOTTO-DiVETTA's residence and he would personally deliver them to NYPH.

26. Company-1's sole function was to act as an intermediary for the purchase of equipment parts for NYPH from wholesalers/manufacturers. SCOTTO-DiVETTA, in his supervisory position at NYPH, could have ordered equipment parts, on behalf of NYPH,

directly from the wholesaler/manufacturer at or about the same price Company-1 paid the wholesaler/manufacturer for the equipment parts. The only purpose of Company-1 was to fraudulently generate money for SCOTTO-DiVETTA and CC-4. The prices charged by Company-1 to NYPH, which was its only customer, were fraudulently inflated to include a substantial markup from the prices Company-1 paid the wholesaler/manufacturer for its purchase of the equipment parts.

27. SCOTTO-DiVETTA intentionally avoided the requirements of NYPH's competitive bidding policy, set forth in paragraph 7 supra, by ensuring the prices for the equipment parts ordered through Company-1 did not meet the threshold requirements for soliciting competitive bids.

28. From May 2001 until at least August 2005, the fraudulent profits of Company-1 from the sale of equipment parts to NYPH amounted to approximately \$74,680.

29. At no time did SCOTTO-DiVETTA or CC-4 disclose their relationship, or SCOTTO-DiVETTA's interest in Company-1, to NYPH.

X. OVERT ACTS

30. In furtherance of the conspiracy, and to effect the illegal objects thereof, SCOTTO-DiVETTA and his co-conspirator, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

(a) On numerous occasions, between approximately May 2001 and August

2005, SCOTTO-DiVETTA and his co-conspirators caused NYPH to issue numerous purchase orders for equipment parts to Company-1. Some of these purchase orders were sent through the United States mails from NYPH's offices in the Southern District of New York to the business address of Company-1;


(b) On numerous occasions, between approximately May 2001 and August 2005, SCOTTO-DiVETTA and his co-conspirators caused Company-1 to issue numerous invoices to NYPH. Some of these invoices were sent through the United States mails to NYPH's offices in the Southern District of New York; and

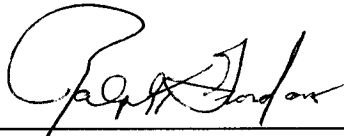
(c) On numerous occasions, between May 2001 and August 2005, SCOTTO-DiVETTA and his co-conspirators caused NYPH to issue checks to Company-1. Some of

these checks were sent through the United States mails from NYPH's offices in the Southern District of New York to the business address of Company-1.

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


Dated:


CHRISTINE A. VARNEY
Assistant Attorney General

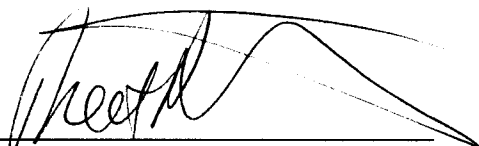

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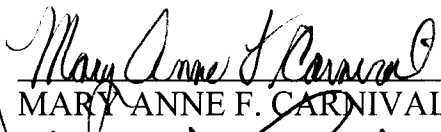

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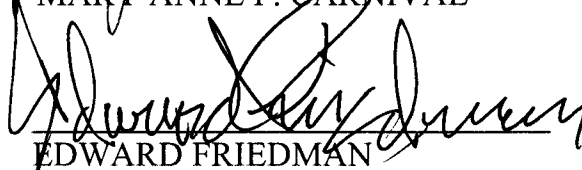

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