



Department of Justice

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Northern District of Georgia

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A THIRD FORMER HOME DEPOT EMPLOYEE PLEADS GUILTY TO VENDOR KICKBACK SCHEME & FILING FALSE TAX RETURNS

ATLANTA – Ronald K. Johnston, 37, of Atlanta has pleaded guilty to one count of conspiracy to commit wire fraud and two counts of filing a false tax return, arising out of a scheme to defraud Home Depot.

United States Attorney David E. Nahmias said, “This is the third former Home Depot employee who has now admitted accepting bribes from the company’s foreign suppliers and then not reporting or paying taxes on that illegal income. This type of conduct corrupts the honest operation of American businesses, and those who pay, receive, or solicit such payoffs risk federal prosecution.”

“Kickback schemes undermine the competitive process,” said Deborah A. Garza, Acting Assistant Attorney General in charge of the Department's Antitrust Division. “Today's plea underscores the importance of holding accountable individuals who participate in such conspiracies.”

IRS Criminal Investigation Special Agent In Charge Reginael D. McDaniel said, “The prosecution of individuals who conceal their income from the IRS, even if obtained from illegal activity, is a vital element in maintaining public confidence in our tax system. We should not expect the honest taxpayer to foot the bill for those who choose not to pay their fair share.”

According to United States Attorney Nahmias and information presented in court: Between 2005 and 2007, Johnston, a former Merchant for Flooring, participated in a conspiracy to defraud Home Depot by taking kickbacks from foreign suppliers seeking to do business with Home Depot. Johnston arranged for Home Depot to purchase items for resale on less than the most advantageous terms to the company. Another former Home Depot employee, Anthony Tesvich, who pleaded guilty last June to similar offenses, received millions of dollars in bribes from foreign suppliers and passed on to Johnston through kickbacks hundreds of thousands of dollars and also made payments to a home improvement company for work on Johnston’s residence. In July 2008, another former Home Depot employee, James P. Robinson, also pleaded guilty to similar charges arising out of his participation in this scheme to defraud Home Depot.

Johnston also pleaded guilty to filing a false tax return by underreporting his income for tax years 2005 (\$60,108 in unreported income); and 2006 (\$125,893 in unreported income).

Johnston could receive a maximum sentence of 20 years in prison on the conspiracy to commit wire fraud charge, and a maximum sentence of three years in prison on each tax charge. Johnston also could be fined up to \$250,000 on each count. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders. Johnston is scheduled to be sentenced on April 1, 2009, at 3:30 p.m., before United States Judge Richard W. Story.

This case is being investigated by the Internal Revenue Service-Criminal Investigation, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, and the Federal Bureau of Investigation. Home Depot has cooperated in the federal investigation.

This case is being prosecuted by John R. Fitzpatrick and Barbara W. Cash, Trial Attorneys for the United States Department of Justice Antitrust Division, Atlanta Field Office, and Assistant United States Attorney Russell Phillips, with assistance from Assistant United States Attorney Sally Molloy.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the home page for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan

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