



Department of Justice

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PRESIDENT OF LONG ISLAND DEFENSE CONTRACTOR PLEADS GUILTY TO CUSTOMER ALLOCATION

WASHINGTON — The owner and president of a Ronkonkoma, N.Y., designing and manufacturing company pleaded guilty to conspiring to allocate a U.S. Navy contract for Navy straps, the Department of Justice announced today. Navy straps are a type of tiedown equipment used by the U.S. Navy to secure munitions and other supplies for transport on ships and airplanes.

Thomas J. DeGirolamo pleaded guilty in the U.S. District Court in Islip, N.Y., to one count of participating in a conspiracy to allocate a U.S. Navy contract for Navy straps from at least March 2004 until November 2007.

“These charges should serve as a reminder that we will prosecute those who seek to deny the military competitive bids when it purchases good and services, which would help ensure the military’s access to quality goods and services at lower prices,” said Christine A. Varney, Assistant Attorney General in charge of the Department’s Antitrust Division.

DeGirolamo is charged with carrying out the conspiracy with co-conspirators by:

- Engaging in discussions regarding the sale of Navy straps to the U.S. Department of Defense;
- Agreeing during those discussions not to compete on a certain contract with the U.S. Department of Defense;
- Developing products and submitting prices in accordance with the agreement reached;
- Selling Navy straps to the U.S. Department of Defense under the agreement at collusive and non-competitive prices; and
- Accepting payments for Navy straps sold at collusive and noncompetitive prices.

This is the 11th plea agreement to arise from an investigation into the military restraints industry. Military restraints are used to secure vehicles, aircraft, munitions, shipping containers and other specialized military cargo for land, sea and air transportation. Thomas Cunningham and Richard Barko, executives of a Pennsylvania supplier of military goods, pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies and were sentenced in September 2008 to pay criminal fines of \$10,000 each. In August 2008, Peck & Hale, a Long Island, N.Y., defense firm, was sentenced to pay a \$275,000 criminal fine for bid rigging. In June 2008, Frank Granizo,

the former president of a freight forwarding company, pleaded guilty to honest services wire fraud. Granizo was sentenced today to five months of home confinement.

Three Peck & Hale employees also have pleaded guilty in this investigation. Wilson Freire, a former government contracts manager, pleaded guilty to one count of bid rigging and one count of conspiracy to accept kickbacks. On April 8, 2009, he was sentenced to one year and one day in jail and to pay restitution in the amount of \$20,750. In April 2008, Ransom Soper III, a former sales employee, pleaded guilty to one count of bid rigging and one count of conspiracy to commit wire fraud. Soper is scheduled to be sentenced May 26, 2009. A former sales director, Robert Fishetti, pleaded guilty to two counts of bid rigging. Fishetti also pleaded guilty to soliciting and accepting a kickback from another lower-tiered sub-contractor in return for favorable treatment in the award of subcontracts for finishing work on products supplied to the U.S. Department of Defense. In September 2008, he was sentenced to pay a criminal fine in the amount of \$10,000 and to serve one year and two months of home confinement.

Certified Slings & Supply Inc., a Florida defense firm, pleaded guilty to one count of bid rigging and was sentenced in May 2008 to pay a \$150,000 criminal fine. Roger Jacobi, the owner and president of a New York supplier of military goods, also pleaded guilty to one count of bid rigging and in April 2008 was sentenced to pay a \$20,000 criminal fine.

Yong Zhu, the president of a Chino, Calif.-based importing and exporting company pleaded guilty to a one count charge of conspiracy to commit honest services wire fraud. On April 20, 2009, he was sentenced to pay a criminal fine in the amount of \$5,000, restitution in the amount of \$10,000 and four months of home confinement.

DeGiralamo is charged with allocating a contract in violation of the Sherman Act, which carries a maximum sentence of 10 years imprisonment and a fine of \$1 million for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the Defense Criminal Investigative Service of the U.S. Department of Defense. Anyone with information concerning bid rigging, kickbacks, fraud or other anti-competitive conduct regarding military tiedown equipment or cargo securing systems is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694 or the Long Island Office of the Defense Criminal Investigative Service at 631-420-4302.

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