



Department of Justice

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FORMER PURCHASING OFFICIAL AT A NEW YORK CITY HOSPITAL PLEADS GUILTY TO BID RIGGING AND FRAUD

WASHINGTON — A former New York Presbyterian Hospital (NYPH) purchasing official pleaded guilty today in U.S. District Court in Manhattan to conspiring to rig bids on re-insulation services contracts, the Department of Justice announced.

According to the charges, Salvatore Scotto-DiVetta, who held various supervisory positions at NYPH, participated in a conspiracy that took place from as early as 2000 until at least March 2005. The department said that Scotto-DiVetta conspired with others to create the appearance that contracts for re-insulation services at NYPH were awarded in accordance with NYPH's competitive bidding policy, when, in fact, they were not. To create the illusion of a competitive bidding process, Scotto-DiVetta's co-conspirators would submit high, noncompetitive bids. In exchange for awarding the contracts to the designated bidder, Scotto-DiVetta received approximately \$25,000 in kickbacks in the form of cash and gift cards from his co-conspirators.

In addition, from at least as early as May 2001 until at least August 2005, Scotto-DiVetta conspired with others by creating a company with a co-conspirator in which he had an undisclosed interest in order to purchase equipment parts on behalf of NYPH at fraudulently inflated prices. Scotto-DiVetta, in his supervisory position, caused NYPH to purchase equipment parts at fraudulently inflated prices from his company, rather than directly from the wholesalers and manufacturers from which NYPH had previously purchased the parts. Scotto-DiVetta made approximately \$74,000 in profits from this scheme.

Scotto-DiVetta is charged with bid rigging, a violation of the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

Scotto-DiVetta is also charged with fraud, which carries a maximum penalty of five years in prison and a \$250,000 fine. 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.

These charges arose from an ongoing federal antitrust investigation of fraud, bribery, tax-related offenses and bidding irregularities relating to contracts administered by the Facilities

Operations Department and Engineering Department at NYPH and the Engineering Department at Mount Sinai Medical Center. To date, eight individuals and three companies have pleaded guilty to charges arising out of the same investigation. The investigation is being conducted by the Antitrust Division's New York Field Office, the FBI and the Internal Revenue Service Criminal Investigation's New York Field Office.

Anyone with information concerning bid rigging, bribery, tax offenses or fraud related to contracts administered by the Facilities Operations Department at NYPH, the Engineering Department at NYPH or the Engineering Department at Mount Sinai Medical Center should contact the New York Field Office of the Antitrust Division at 212-264-9308 or visit <http://www.justice.gov/atr/contact/newcase.htm>, or the New York Division of the FBI at 212-384-1000.

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