



Department of Justice

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FORMER MASSACHUSETTS DIRECT MAIL PRODUCTION DIRECTOR AGREES TO PLEAD GUILTY TO FRAUD CONSPIRACIES AND TAX EVASION

WASHINGTON A former employee of two Massachusetts-based customer relationship management agencies that purchase direct mail advertising has agreed to plead guilty to charges relating to his receipt of more than \$1.8 million in kickbacks, the Department of Justice announced today.

According to the charges filed today in U.S. District Court in Boston, Reed A. Richard conspired with others to defraud two of his employers by accepting kickbacks from two direct mail advertising printing brokers in exchange for awarding printing work to companies the brokers represented. The conspiracy took place from approximately January 2000 through at least February 2006. According to the court documents, Richard, a former director of production at PreVision Marketing LLC who resided in Carlisle, Mass. during the conspiracy, took the kickbacks during different periods of employment with two separate customer relationship management agencies, which he defrauded as part of the schemes. Richard is also charged with tax evasion for tax years 2004 and 2005 by falsely claiming substantial personal expenses as business expenses on tax returns.

The customer relationship management agencies that employed Richard purchased direct mail printing services for their direct mail advertising clients. Direct mail advertising allows companies to specifically target potential customers and contact them with custom tailored offers, promotional materials or advertisements using the United States mail. According to the court documents, Richard was responsible for procuring direct mail printing services by obtaining competitive bids from printing companies, awarding contracts, reviewing invoices and authorizing payment.

According to the charges, Richard approved invoices knowing that they were fraudulently inflated to include the kickbacks he was to receive. A portion of the inflations were passed from the brokers to Richard as kickback payments. In order to conceal his role in the scheme, Richard purported to provide consulting services to the printing brokers through a shell company he owned. Richard claimed substantial illegitimate business deductions on his corporation's federal income tax returns. As a result, he under-reported his corporate and personal taxable income, resulting in a total tax loss of approximately \$170,000. The plea agreement is subject to court approval.

Today's charge arose from an ongoing investigation into the direct mail printing industry being conducted by the Antitrust Division's New York Field Office, with the assistance of the Internal Revenue Service (IRS) Criminal Investigation, in Springfield, Mass. Anyone with information concerning fraud or tax offenses relating to the direct mail printing industry should contact the Antitrust Division's New York Field Office at 212-264-9308, visit www.justice.gov/atr/contact/newcase.htm or contact the IRS Criminal Investigation's Springfield Office at 413-785-0090.

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