



Department of Justice

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CALIFORNIA EXECUTIVE PLEADS GUILTY TO FRAUD IN CONNECTION WITH SALES OF PARTS FROM CHINA

WASHINGTON —The president of a southern California company pleaded guilty to engaging in a conspiracy to commit honest services wire fraud by depriving a manufacturing company of the honest services of its employee, the Department of Justice announced today.

Yong Zhu, the president of a Chino, Calif.-based importing and exporting company that supplies Chinese parts to U.S. companies, including parts used in items destined for military restraints for the U.S., pleaded guilty today in the U.S. District Court in Islip, N.Y., to a one count charge of conspiracy to commit honest services wire fraud. Zhu pleaded guilty to participating in a wire fraud scheme between 2002 and 2004. The conspiracy was carried out by telephone and in face-to-face meetings. During the time of the conspiracy, he paid the employee of a manufacturing company approximately \$10,000. In return, the employee provided Zhu with sensitive pricing information that assured Zhu's company would receive subcontracting awards from the manufacturing company.

Under the plea agreement, Zhu has agreed to cooperate with the Department's ongoing investigation. The terms of the plea agreement are subject to court approval.

"Today's charge demonstrates our ongoing commitment to prosecute fraud that corrupts the competitive process," said Deborah A. Garza, Acting Assistant Attorney General in charge of the Department's Antitrust Division.

This is the 10th plea agreement to arise from an ongoing investigation into the military restraints industry. Military restraints are used to secure vehicles, aircraft, munitions, shipping containers and other specialized military cargo requirement 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. In September 2008, they were sentenced to pay criminal fines of \$10,000 each. In August 2008, Peck & Hale, a Long Island 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 is scheduled to be sentenced on Jan. 9, 2009.

Three Peck & Hale employees also have pleaded guilty in this matter. Wilson Freire, a former government contracts manager, pleaded guilty in May 2008 to one count of bid rigging and one count of conspiracy to accept kickbacks. Freire is scheduled to be sentenced Feb. 27,

2009. 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 Jan. 16, 2009. In July 2007, 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 (DOD). 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 house arrest.

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.

Zhu is charged with conspiracy to commit wire fraud, which carries a maximum sentence of 20 years of imprisonment and a fine of \$250,000. 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 charges are 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 Oct. 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 ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section with the assistance of the DOD's Defense Criminal Investigative Service. Anyone with information concerning bid rigging, wire fraud or other anti-competitive conduct regarding military tiedown equipment or cargo securing systems is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Long Island Office of the Defense Criminal Investigative Service at 631- 420-4302.

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