

NEWS

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FOR IMMEDIATE RELEASE
April 5, 2007

Four Plead Guilty to Defrauding PSEG of \$500,000;
Two Were Employees of the Utility Company

(More)

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NEWARK – Four men, two of them employees from the energy company Public Service Enterprise Group (PSEG), pleaded guilty today in federal court to defrauding PSEG of more than half a million dollars in a phony purchasing and billing scheme, U.S. Attorney Christopher J. Christie announced.

The defendants admitted that they worked together inside and outside of the utility company to set up phony purchases of computer equipment and services through a Parsippany-based technology procurement company. They then submitted fraudulent invoices and were paid for computer equipment or services that were never rendered.

Each of the defendants admitted that they defrauded PSEG out of \$537,885 between early 2001 and mid-2003. The defendants said that they each received a portion of the money derived from the scheme.

Pleading guilty today before U.S. District Judge Susan D. Wigenton were:

- Todd Glassberg, 40, of Bridgewater, a sales representative for a computer-related goods and services procurement company located in Parsippany. (The company was identified in court only as “D Corp,” which was not believed to be involved in the scheme.)
- Frank Perrone, 35, of Neshanic, a PSEG unit manager, who was authorized to purchase computer-related goods and services and approve payment for them. He admitted that he steered the fraudulent purchase orders to his co-conspirator at D Corp.
- Darrin Gonchar, 37, of Monroe Township, a PSEG information technology specialist who allegedly helped initiate the fraudulent purchase orders.
- Howard Epstein, 53, of Culver City, Calif., the operator of Epstein & Associates in Culver City, a small computer-related goods and services company, which produced the sham invoices to PSEG.

Each of the defendants pleaded guilty to one count each of conspiracy, which carries a maximum statutory penalty of five years in prison and a \$250,000 fine. Judge Wigenton scheduled sentencing for Aug. 13.

Glassberg, the D Company sales representative, admitted that he conspired with the PSEG employees to have purchase orders issued to D Company for the procurement of computer-related equipment and services. Epstein, of the California computer company, admitted that he received purchase orders for fulfillment that ranged in amounts from \$22,122 to \$98,959 and, in turn, submitted phony invoices in those amounts to D Company, which then paid him. Epstein said he took five percent of each of the invoice payments for himself and returned the rest to Glassberg or Gonchar for distribution

among the other co-conspirators.

Perrone, the PSEG unit manager, admitted that he caused PSEG to issue the purchase orders to D Corp and authorized their payment, knowing that the goods and services had never been received. For example, he said he authorized PSEG to purchase computer support services from D Corp. for the amount of \$208,400. He subsequently authorized payment of that amount to D Corp.

Gonchar admitted that he helped bring one of the co-conspirators into the scheme and took his cut of the proceeds.

Christie credited Postal Inspectors with the U.S. Postal Inspection Service, under the direction of Postal Inspector in Charge Thomas C. van de Merlen, with the investigation leading to the guilty pleas.

The case was prosecuted by Assistant U.S. Attorney Lorraine S. Gerson of the U.S. Attorney's Office Commercial Crimes unit.

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Defense Counsel:

Glassberg: Peter W. Till, Esq.

Perrone: Jonathan Goldstein, Esq.

Gonchar: David Fassett, Esq.

Epstein: Frank Arleo, Esq.