



U. S. Department of Justice

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**RUMSON, NEW JERSEY, COMPANY CHARGED WITH MAIL FRAUD IN
SCHEME TO DEFRAUD FEDERAL GOVERNMENT IN FOOD CONTRACTS**

WASHINGTON, D.C. - A Rumson, New Jersey, food marketing company was charged with mail fraud today for submitting false and fictitious bids to a federal agency to manipulate the awarding of \$1.5 million in contracts for canned foods, such as sweet potatoes, which are distributed to armed forces personnel in the United States.

In a one-count felony charge filed in U.S. District Court in Philadelphia, the Department of Justice's Antitrust Division charged Federal Food Marketers Co. with submitting the fraudulent bids to the Defense Personnel Support Center, a Philadelphia supply center for the Defense Logistics Agency, from October 1991 through December 1992.

According to the charge, Federal Food, an agent for manufacturers and distributors of processed food items, submitted the false bids to create the appearance of competition and avoid submitting to DPSC information justifying its prices. Before awarding a contract, DPSC, if it received several bids, was

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required to justify a price by comparing the lowest bid with those submitted by other bidders. If it received only one bid, DPSC was required to ask the bidder for data to determine if the cost was reasonable.

Federal Food, in responding to DPSC bid requests, submitted false and fictitious bids in the names of various manufacturers and/or distributors of processed food to skirt the DPSC requirements and win \$1.5 million in federal contracts for distributors or manufacturers who worked through Federal Food. Federal Food received a percentage of any contracts the government awarded to one of its clients.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said the charge resulted from a federal grand jury investigation of bid rigging and related violations on DPSC food product contracts. The case was filed by the Antitrust Division's Philadelphia field office with the assistance of the Office of the Inspector General of the Defense Criminal Investigative Service and the United States Postal Inspection Service.

The maximum penalty for a corporation upon conviction of a violation of the mail fraud statute is \$500,000.

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