



# Department of Justice

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**FORMER SEAGRAM PURCHASING AGENT CHARGED FOR HIS ROLE  
IN KICKBACK CONSPIRACY**

WASHINGTON, D.C. -- The Department of Justice today charged a former purchasing agent for Joseph E. Seagram & Sons Inc., of Manhattan, with participating in a conspiracy to commit mail fraud.

The Information, filed in U.S. District Court in Manhattan, charges John M. Mavros of Locust Valley, New York with receiving cash kickbacks totaling approximately \$83,200 from a supplier of advertising and display materials. In exchange, Mavros steered at least \$1.4 million in contracts to that supplier.

According to the charge, Mavros and the supplier increased the price of certain contracts to include the amounts to be paid to Mavros. In addition, Mavros and the supplier on occasion raised the supplier's price because the amount that Seagram had budgeted for the project was greater than the price the supplier had quoted. The supplier on occasion provided Mavros backdated written price quotations so that it would appear that Mavros was complying with Seagram's corporate purchasing policies. The quotations and invoices reflecting the inflated prices and checks in payment of those invoices were sent through the U.S. mail.

"The Antitrust Division is committed to prosecuting conduct that prevents free and open competition in any market," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "The defendant in this case received substantial kickbacks. He clearly violated

Seagram's competitive bidding and conflict of interest policies and thereby caused financial injury to the company. His behavior also disrupted efforts by other suppliers to do business with Seagram."

The prosecution of Mavros is the latest to arise out of an ongoing federal investigation of bid-rigging, commercial bribery, and tax-related offenses in the point-of-purchase advertising and display industry. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division.

As a result of the investigation, 20 individuals and nine corporations have already pleaded guilty to various federal charges. Earlier prosecutions have involved personnel at Philip Morris Inc. (New York City), Heublein, Inc. (Farmington, Connecticut), Hiram Walker & Sons, Inc. (Southfield, Michigan), Warner-Lambert Co. (Morris Plains, New Jersey), Austin Nichols & Co., Inc. (New York City), Lorillard Tobacco Co., Inc. (Greensboro, North Carolina), and Domecq Importers, Inc. (Old Greenwich, Connecticut).

The maximum penalty for an individual convicted of a conspiracy to commit mail fraud is five years in prison, three years of supervised release, and a fine the greatest of \$250,000, twice the gain derived from the crime, or twice the loss suffered by the victims of the crime.

Anyone with information concerning bid rigging, bribery, or fraud in the advertising and display materials industry should contact the New York Division of the FBI at (212) 384-1000.

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