



Department of Justice

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NEW YORK ADVERTISING EXECUTIVE PLEADS GUILTY TO CONSPIRACY CHARGES

Graphic Services Salesman Also Pleads Guilty to Rigging Bids and Conspiracy Charges

WASHINGTON, D.C. -- A New York City advertising executive today pleaded guilty to conspiracy charges relating to two separate schemes to defraud clients of Grey Global Group Inc. (Grey), an advertising agency headquartered in Manhattan, the Department of Justice announced.

According to charges filed today in U.S. District Court in Manhattan, Joseph Panaccione, a.k.a. Joe Payne, of Bayonne, New Jersey, a former vice president and manager of graphic services at Grey, participated, between approximately 1991 and mid-2000, in a scheme to fraudulently inflate invoices issued by graphic services suppliers to Grey, with the understanding that those inflated invoices would be passed on to Grey's clients for payment. Panaccione also pleaded guilty to participating, from approximately November 1999 until December 2000, in a scheme in which he received kickbacks from one of those suppliers.

On September 26, 2002, Gabriel Casas of Lebanon, New Jersey, a former salesperson for The Color Wheel, Inc., pleaded guilty in U.S. District Court in Manhattan to one count of rigging bids and allocating contracts, from late 1994 until 2001, for the supply of retouching and separation services to Brown & Williamson Tobacco Corp. ("B&W"), contracted through its advertising agency Grey; one count of conspiracy in connection with his participation, between 1991 and mid-2000, in a scheme to fraudulently inflate invoices issued by The Color Wheel, Inc.

to Grey, with the understanding that those inflated invoices would be passed on to Grey's clients for payment; and one count of conspiracy in connection with a separate conspiracy to defraud clients of Grey, from 1991 until 1999, through a similar fraudulently inflated invoice scheme.

"These cases demonstrate the Antitrust Division's resolve to seek out and prosecute anti-competitive practices and offenses associated with the advertising and graphics industries," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division.

The bid-rigging charge, a violation of the Sherman Act, 15 U.S.C. § 1, carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals.

The conspiracy charges, violations of 18 U.S.C. § 371, each carry a maximum penalty of five years imprisonment, three years' supervised release, and a \$250,000 fine.

The maximum fine on each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, each defendant upon conviction could be ordered to pay restitution to any victim for the full amount of that victim's loss.

These charges arose from an ongoing federal antitrust investigation of bid rigging, bribery, fraud, and tax-related offenses in the advertising, printing and graphics industries. 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.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the advertising or printing industries should contact the New York Field Office of the Antitrust Division at (212) 264-3179 or the New York Division of the FBI at (212) 384-3252.

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