



Department of Justice

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FORMER ADVERTISING EXECUTIVE CHARGED IN BID RIGGING/KICKBACK SCHEME

WASHINGTON, D.C. -- An advertising executive was charged relating to a bid rigging and kickback scheme at Impact Communications, Inc., a Manhattan-based advertising agency, the Department of Justice announced today.

Robert Gugliuzza of Seaford, New York, a former purchasing agent and the director of printing services at Impact, was charged today in U.S. District Court in Manhattan with one count of conspiracy to rig bids, one count of conspiracy to commit mail fraud and one count of subscribing to false and fraudulent income tax returns.

Gugliuzza is the sixth individual to be charged with crimes relating to the award of contracts for printed advertising materials by Impact. Other defendants include Haluk Ergulec, owner, and Ivan Glick, sales representative, of The Color Wheel, Inc.; Bertram J. Cohen, owner, and Steven J. Brigglin, sales representative, of Darbert Offset Corp.; and Howard Marlin, owner of Caysun Graphics Ltd. Color Wheel, Darbert, and Caysun were all Manhattan-based suppliers of commercial printing and advertising materials, who did business with Impact.

According to the charges, Gugliuzza designated that a particular bidder would win specific contracts for the supply of printed advertising materials, and that bidder paid Gugliuzza cash kickbacks in return for the award of contracts. Gugliuzza then allegedly secretly arranged for Impact to receive inflated "cover" bids that were designed to make it appear that there had been competition for contracts, when, in fact, there had not been any competition. This

arrangement affected the award of contracts totaling at least \$2 million, according to the charges. The charges also state that Gugliuzza demanded and received cash kickbacks totaling approximately \$665,000 from bidders who were instructed how to inflate the prices of the contracts awarded to their companies in order to generate the money they paid to Gugliuzza. Gugliuzza also allegedly filed U.S. Income Tax Returns that failed to report the kickbacks that he had received in 1997 through 1999.

The bid-rigging charge, a violation of 15 U.S.C. § 1, carries a maximum penalty of three years' imprisonment and a \$350,000 fine. The mail fraud conspiracy charge, a violation of 18 U.S.C. § 371, carries a maximum penalty of five years' imprisonment and a \$250,000 fine. The charge of subscribing to false and fraudulent tax returns, a violation of 26 U.S.C. § 7206(1), carries a maximum penalty of three years' imprisonment and a \$250,000 fine, together with the cost of prosecution. 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, the defendant could be ordered to pay restitution to any victim for the full amount of that victim's loss.

The charges against Gugliuzza are the latest to arise out of an ongoing federal probe of bid rigging, commercial bribery and tax-related offenses in the graphics materials and services and advertising industries. Fifteen defendants have been charged in the past 15 months; all have pleaded guilty except two, who are scheduled for trial on October 14, 2003. Ergulec was sentenced to 37 months in prison and ordered to pay \$1.5 million in restitution, including \$100,000 to Impact. Cohen was sentenced to 21 months in prison and ordered to pay \$300,000 in restitution to Impact. Marlin was sentenced to 5 years' probation, ordered to perform 500 hours of community service, and to pay \$40,000 in restitution to Impact. In addition, all have

been ordered to file amended tax returns and to pay back taxes, penalties and interest to the Internal Revenue Service. Briggis is scheduled to be sentenced on August 15, and Glick on July 15. 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 graphic materials and services or advertising 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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