



Department of Justice

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FORMER NEW YORK HBO EXECUTIVE PLEADS GUILTY TO BID-RIGGING, CONSPIRACY, AND TAX CHARGES

New Jersey Printing Company and Owner Also Plead Guilty to Related Conspiracy Charges

WASHINGTON, D.C. -- A former Home Box Office Inc. (HBO) executive today pleaded guilty to charges relating to her receipt of approximately \$439,000 in kickbacks from printing vendors, and her role in orchestrating a bid-rigging scheme involving those vendors, the Department of Justice announced. A New Jersey printing company and its owner also pleaded guilty today to related conspiracy charges.

Michele Komack of Scarsdale, New York, the former Director of Print Services at HBO, pleaded guilty today in U.S. District Court in Manhattan to bid-rigging, conspiracy, and tax charges.

Westbury Press Inc. (Westbury), an Englewood, New Jersey printing company and its owner and president, Sanford Zenker of Manhattan, also pleaded guilty today to separate conspiracy charges involving their payment of kickbacks to Michele Komack in exchange for HBO printing contracts. Both Zenker and Westbury are cooperating with the government's ongoing investigation.

HBO is a pay television service company, headquartered in Manhattan, providing two 24-hour premium television services, HBO and Cinemax, to subscribers principally in the United States by way of cable, direct broadcast satellite, and microwave technologies.

Komack had primary responsibility for purchasing printing at HBO. The Department said that she received kickbacks from individuals associated with four printing vendors in exchange for steering printing contracts to those companies. Court papers also state that Komack did not report her receipt of the kickbacks on her income tax returns.

“This type of scheme demonstrates the harm to American businesses when companies are deprived of the honest services of their employees and of the fair and competitive pricing afforded by a truly competitive bidding process,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division.

According to the court papers, Komack was charged with one count of conspiracy to rig bids and allocate contracts for the sale of commercial printing to HBO from approximately September 1997 until approximately February 1999. She was also charged with one count of conspiracy to commit commercial bribery, mail fraud, and to make false and fraudulent statements on her U.S. Income Tax Returns, from approximately 1993 until approximately March 2000. Additionally, she was charged with one count of subscribing to false and fraudulent U.S. Income Tax Returns for the years 1997 through 1999 that failed to report as income kickbacks that she received from those vendors in those years.

In separate court papers, Zenker was charged with one count of conspiracy to commit commercial bribery, mail fraud, and to make false and fraudulent statements on U.S. Income Tax Returns from approximately September 1997 until approximately March 2000.

In additional court papers, Westbury was charged with one count of conspiracy to commit commercial bribery, mail fraud, and to make false and fraudulent statements on U.S. Income Tax Returns from approximately 1993 until approximately March 2000.

The bid-rigging charge, a violation of the Sherman Act, 15 U.S.C. § 1, carries a maximum penalty of three years' imprisonment, one year of supervised release, and a \$350,000 fine for an individual. The conspiracy charge, a violation of 18 U.S.C. § 371, carries a maximum penalty of five years' imprisonment, three years' supervised release, and a \$250,000 fine for an individual and a \$500,000 fine for a corporation. The count of subscribing to false and fraudulent tax returns, in violation of 26 U.S.C. § 7206(1), carries a maximum penalty of three years' imprisonment, one year of supervised release, and a \$100,000 fine, together with the costs 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 defendants could be ordered to pay restitution to the 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 and 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 and printing and graphics industries should contact the New York Field Office of the Antitrust Division at (212) 264-9308 or the New York Division of the FBI at (212) 384-3252.

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