



# Department of Justice

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## **CLEVELAND SCRAP METAL COMPANIES PLEAD GUILTY TO SUPPLIER ALLOCATION AND BID-RIGGING CHARGES**

### *Owner of Both Companies and One Employee Also Plead Guilty*

WASHINGTON, D.C. – Two Cleveland scrap metal companies, their owner, and an employee pleaded guilty today to conspiring to allocate suppliers and rig bids for scrap metal, the Department of Justice today announced. One of the companies also pleaded guilty to wire fraud. All of the defendants had been indicted previously but today they agreed to plead guilty to all of the charges in the indictment and to cooperate with the ongoing investigation. They had been scheduled to begin trial on February 7, 2005.

The companies, M. Weingold & Co. and Harry Rock & Associates Inc., both of Cleveland; their owner and M. Weingold & Co. president, Jack Weingold of Chagrin Falls, Ohio; and an employee of M. Weingold & Co., Loren Margolis of Moreland Hills, Ohio, pleaded guilty in U.S. District Court in Cleveland to a three-count indictment filed on January 15, 2004.

The indictment charged all of the defendants with participating in two separate conspiracies in Northeast Ohio—one beginning at least as early as December 1993 and continuing at least until October 1999, and the other beginning at least as early as December 1993 and continuing at least until November 1999—to allocate suppliers and rig bids for scrap metal. Additionally, Harry Rock & Associates Inc. was charged with wire fraud in connection with a scheme to defraud a supplier of scrap metal by attempting to rig a bid with a competitor in January 2000.

The plea agreement with Jack Weingold, M. Weingold & Co., and Harry Rock & Associates Inc. recommends that Jack Weingold be imprisoned for 13 months and pay a \$700,000 criminal fine. M. Weingold & Co. and Harry Rock & Associates Inc. have agreed to pay criminal fines of \$5.65 million each, for a total of \$11.3 million.

The plea agreement with Loren Margolis recommends that he pay \$700,000 and serve a term of imprisonment between 10 and 12 months. All of the plea agreements are subject to court approval.

Scrap metal is a byproduct of the manufacturing process generated by companies such as stamping plants. Scrap metal companies purchase, sort, and process scrap metal before selling it to end users such as mills and foundries. The conspiracies involved both ferrous (containing iron) and non-ferrous scrap metal.

The ongoing investigation is being conducted by the Antitrust Division's Cleveland Field Office with the assistance of the Federal Bureau of Investigation's Cleveland Office.

Anyone with information about supplier, customer or territorial allocation, bid rigging, price fixing, or other anticompetitive conduct in the scrap metal industry should call the Antitrust Division's Cleveland Field Office at (216) 522-4070, or the Federal Bureau of Investigation's Cleveland Office at (216) 522-1400.

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