Department of Justice

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MANHATTAN TELECOMMUNICATIONS INSTALLATION COMPANY EXECUTIVE PLEADS GUILTY TO CONSPIRACY CHARGE

WASHINGTON — A Manhattan telecommunications installation company executive pleaded guilty today to charges relating to his role in a conspiracy involving kickbacks, bribery, and false statements on income tax returns for the supply of telecommunications equipment and services to Mount Sinai School of Medicine and the Mount Sinai Hospital (Mount Sinai), the Department of Justice announced.

Timothy O'Leary of Wantagh, N.Y., pleaded guilty today in U.S. District Court in Manhattan to conspiring to commit commercial bribery relating to his payment of a total of approximately $154,000 in kickbacks to two Mount Sinai employees. O'Leary gave the kickbacks to Anthony Spadola and Stephen Cogliano in exchange for Mount Sinai telecommunications installation contracts. The conspiracy took place from approximately January 2001 until September 2003. O'Leary, a vice president of Broadcom Voice & Data Inc. (Broadcom), also pleaded guilty to mail fraud and to making false and fraudulent statements on U.S. income tax returns.

Three other defendants have pleaded guilty in connection with this investigation. On Sept. 26, 2006, Stephen Cogliano pleaded guilty to one count of conspiracy to rig bids and allocate contracts for the sale of telecommunications equipment and services to Mount Sinai from approximately January 2001 through October 2004. On Sept. 29, 2006, Broadcom and Anthony Spadola also pleaded guilty to participating in the same bid-rigging conspiracy. Spadola additionally pleaded guilty to one count of conspiracy to commit commercial bribery, mail fraud, and to making false and fraudulent statements on corporate U.S. income tax returns from approximately January 2001 until September 2003. He also pleaded guilty to one count of income tax evasion for failing to report as income kickbacks that he received, and for improperly claiming business deductions on his U.S. individual income tax returns for the years 2001 through 2003.

"This type of scheme deprives companies of their right to the honest services of their employees and to competitive prices," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "Today's plea affirms the Department's commitment to protect competition for American businesses and consumers."

The Mount Sinai Hospital is a 1,171-bed tertiary care teaching hospital that serves the New York metropolitan area with a medical staff of nearly 1,800. In addition to its medical education efforts, Mount Sinai's School of Medicine performs clinical and basic-science research. Both the hospital and the school jointly operate an information technology department, located within the Mount Sinai Medical Center in Manhattan, that assists various departments and facilities in creating and maintaining their telecommunications infrastructures. This assistance includes selecting and contracting with third party telecommunications vendors in order to install equipment such as voice and data cables in Mount Sinai facilities.

Spadola and Cogliano were responsible for obtaining bids from vendors of telecommunications equipment and services on behalf of Mount Sinai. They were also responsible for supervising vendors and reviewing and authorizing their invoices for payment. According to the Department, Spadola and Cogliano received payments from O'Leary and individuals associated with another telecommunications vendor in exchange for steering contracts to those companies. Spadola and Cogliano each opened a bank account under the name of a sham consulting company in April 2001 and May 2003, respectively, to conceal their receipt of illegal payments from Broadcom and the other vendor.

O'Leary's conspiracy charge carries a maximum penalty of five years in prison, three years of supervised release, and a $250,000 fine. The maximum fine 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 the victim for the full amount of that victim's loss.

This charge arose from an ongoing federal antitrust investigation of bid-rigging, bribery, fraud, and tax-related offenses in the telecommunications equipment and services industry. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation (FBI) and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the telecommunications equipment and services industry 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, and anyone with information concerning tax crimes should call the Internal Revenue Service Criminal Investigation at 1-800-829-0433.

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