

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
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Trenton, New Jersey 08608



Paul J. Fishman, U.S. Attorney

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FOR IMMEDIATE RELEASE

Jan. 15, 2010

Monmouth County Defense Contractor Pleads Guilty to Making False Statements to Defense Department

(More)

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TRENTON – A Farmingdale businessman pleaded guilty today to a charge of making false statements, admitting he defrauded the U.S. Department of Defense in connection with approximately \$63,000 worth of parts for weapons and combat systems, U.S. Attorney Paul J. Fishman announced.

Demetrios Tsoutsas, 75, of Freehold, pleaded guilty before U.S. District Judge Joel A. Pisano to one count of making false statements. Judge Pisano continued the defendant's release on a \$50,000 bond pending sentencing, which is scheduled for April 20.

Tsoutsas owned and operated two companies, Ulysses Incorporated ("Ulysses") and Melstrom Manufacturing Corporation ("Melstrom"), that had been indicted, along with him, on July 16, 2008. The defendant also owned the unindicted companies of Pluto Industries, Inc. ("Pluto"), D&A Electronics Manufacturing Incorporated ("D&A"), and Super Tech, LLC ("Super Tech"). Melstrom, Ulysses, Pluto, and D&A were part suppliers, and supplied parts to various government and private customers, including the United States Department of Defense.

At his plea hearing, Tsoutsas admitted that on Nov. 27, 2006, in connection with Ulysses' sale of certain missile parts to a private customer, referred to in the Indictment as COMPANY-1, Tsoutsas signed a document called a "Supplier's Certificate of Conformance." In this document, Tsoutsas certified that the parts had been tested in accordance with all applicable specifications and drawings. Tsoutsas further admitted that, just two weeks prior, government inspectors had rejected the part, because Ulysses had not performed a required pressure test. Tsoutsas admitted that he knew that the parts had been rejected for failure to perform the test, and that Ulysses had not performed the test on the parts it delivered to COMPANY-1, but that he signed the Supplier's Certificate of Conformance anyway. Tsoutsas further admitted that he knew that COMPANY-1 intended to re-sell the missile parts to the Department of Defense.

The charge of making a materially false, fictitious and fraudulent statement in connection with a matter within the jurisdiction of the Department of Defense, carries a statutory maximum penalty of 10 years in prison and a \$250,000 fine.

In determining an actual sentence, Judge Pisano will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial

terms must serve nearly all that time.

Fishman credited Special Agents of the Defense Criminal Investigative Service in Edison, under the direction of Resident Agent in Charge Christopher Fair, and the Naval Criminal Investigative Service in Colts Neck, under the direction of Supervisory Special Agent John Sorrell, with the investigation.

The Government is represented by Assistant U.S. Attorneys Eric Schweiker and Jennifer Davenport, of the U.S. Attorney's Criminal Division in Trenton.

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Defense Attorney: James R. Friedman, Esq. Newark