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**OWNERS OF TWO MARBLE AND STONE CONTRACTING
COMPANIES PLEAD GUILTY TO EVADING TAXES ON PROFITS
FROM COLLUSIVE BIDDING SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, and PATRICIA HAYNES, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, announced that VINCENT DELAZZERO and RALPH PETRILLO, owners of two of the largest marble and stone contracting companies in the metropolitan area, pleaded guilty today in White Plains federal court to participating in a tax fraud scheme designed to evade taxes on profits made from a collusive bidding scheme in which both participated.

According to the Court records and the guilty pleas of DELAZZERO and PETRILLO today:

Between 2000 and 2003, VINCENT DELAZZERO owned Port Morris Tile & Marble Corporation ("Port Morris"), based in the Bronx, New York, which was engaged in the business of importing, fabricating, and installing marble, granite, limestone, and other stone products for the interior and exterior of commercial and residential buildings. RALPH PETRILLO was one of the owners of Petrillo Stone Corporation ("Petrillo Stone"), a company based in Mount Vernon, New York. Petrillo Stone's business also consisted of importing, fabricating, and installing marble and stone for the interior and exterior of commercial and residential buildings. Port Morris and Petrillo Stone were competitors in the commercial marble and stone business in the New York metropolitan area, often submitting bids for the same work.

On two occasions between 2000 and 2003, DELAZZERO and PETRILLO agreed that DELAZZERO would submit, on behalf of Port Morris, an "accommodating bid" for a particular stone contract, that is, a bid that both DELAZZERO and PETRILLO knew would be higher than the bid submitted by Petrillo Stone, thus ensuring or making it highly likely that Petrillo Stone would be the winning bidder. PETRILLO and DELAZZERO also agreed that in exchange for DELAZZERO's submission of accommodating bids, PETRILLO would pay DELAZZERO a percentage of the profits made by Petrillo Stone as a result of being awarded the contract.

As a result of this corrupt agreement, Petrillo Stone was the winning bidder for two commercial tile and stone subcontracts that were part of large building construction projects in New York City, leading to payments by Petrillo Stone to DELAZZERO of in excess of \$500,000. Those payments were filtered by RALPH PETRILLO to DELAZZERO in a manner designed to hide them from the Internal Revenue Service ("IRS").

In particular, DELAZZERO spoke to his accountant, Dennis Pilotti, who suggested that PETRILLO and DELAZZERO use a shell company controlled by Pilotti in order to secretly filter the payments from PETRILLO to DELAZZERO. Consequently, Pilotti created phony invoices on behalf of his shell company and issued them to Petrillo Stone, which paid the invoices via checks issued to Pilotti's company. Pilotti thereafter caused checks made payable to "cash" to be drawn on bank accounts and cashed at a bank. Pilotti, who personally collected a fee of over 10% of the face amount of each cashed check, thereafter had the cash delivered to DELAZZERO. Through this use of Pilotti's shell company, PETRILLO paid approximately \$121,950 in cash to DELAZZERO. DELAZZERO fraudulently omitted that income from the personal income tax returns he filed for the years in which he received the payments.

Another manner by which RALPH PETRILLO made profit-sharing payments to VINCENT DELAZZERO was through payments made directly to one of DELAZZERO's personal creditors. At DELAZZERO's direction, PETRILLO caused Petrillo Stone to make in excess of \$318,000 in payments to a construction company that had performed work on, or supplied materials for, a home DELAZZERO was building for himself in New Rochelle, New York. Despite the fact that the payments from Petrillo Stone to DELAZZERO'S construction company creditor constituted income, VINCENT DELAZZERO fraudulently omitted that income from the personal income tax returns he filed for the years in which the payments were made. With respect to both methods of funneling money to DELAZZERO, PETRILLO falsely expensed and characterized the DELAZZERO payments on the books and corporate tax returns of Petrillo Stone.

Co-schemer Dennis Pilotti, a CPA from Armonk, New York, previously pleaded guilty to charges related to the tax evasion scheme with DELAZZERO and PETRILLO. He was sentenced by United States District Judge STEPHEN C. ROBINSON to 30 months' imprisonment in October 2009. He is currently serving that sentence.

DELAZZERO, 62, of New Rochelle, New York, is to be sentenced by United States District Judge KENNETH M. KARAS on June 30, 2010. PETRILLO, 54, of Bronxville, New York, is to be sentenced by United States District Judge COLLEEN MCMAHON on June 8, 2010. Both face a maximum term of 5 years' imprisonment, 3 years' supervised release, a fine of \$250,000, and restitution to the IRS.

Mr. BHARARA praised the investigative work of the IRS and the Federal Bureau of Investigation.

Assistant United States Attorneys STANLEY J. OKULA and PERRY A. CARBONE are in charge of the prosecution.

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