

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA	:	Criminal No. 06-cr-899
	:	Filed: 9/29/2006
v.	:	Violation: 15 U.S.C. § 1
BROADCOM VOICE & DATA, INC.,	:	
	:	
Defendant.	:	

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INFORMATION

The United States of America, acting through its attorneys, charges:

1. Broadcom Voice & Data, Inc. ("Broadcom") is hereby made a defendant on the charge stated below.

SHERMAN ACT CONSPIRACY
(15 U.S.C. § 1)

I. RELEVANT PARTIES AND ENTITIES

During the period covered by this Information:

2. Broadcom Voice & Data, Inc. ("Broadcom") was a company located in Manhattan, New York that supplied telecommunications equipment and services to Mount Sinai School of Medicine and The Mount Sinai Hospital (collectively, "Mount Sinai"), a teaching hospital located in New York, New York.

3. "CC-1" was a co-conspirator who was employed by Mount Sinai as a Information Technology Manager in Mount Sinai's Information Technology department

from August 2000 until July 2003. In July 2003, CC-1 became an employee of International Business Machines, Corp. ("IBM") but maintained the same job title and performed the same job within the same department at Mount Sinai, pursuant to a contract between IBM and Mount Sinai. In April 2001, CC-1 opened a bank account under the name of a consulting company that was primarily used to conceal his receipt of illegal payments from Broadcom and another vendor to Mount Sinai.

4. "CC-2" was a co-conspirator who was employed by Mount Sinai as a Network Management Professional in Mount Sinai's Information Technology department from October 2000 until July 2003. In July 2003, CC-2 became an employee of IBM but maintained the same job title and performed the same job within the same department at Mount Sinai, pursuant to a contract between IBM and Mount Sinai. His job title changed to Technical Services Professional in October 2004. In May 2003, CC-2 opened a bank account under the name of a consulting company that was primarily used to conceal his receipt of illegal payments from Broadcom and another vendor to Mount Sinai. As a Network Management Professional, and later as a Technical Services Professional, CC-2 was supervised by CC-1 but was also separately responsible for ensuring that contracts were awarded in accordance with Mount Sinai's policies and procedures and reviewing and authorizing invoices for payment.

5. "CC-3" and "CC-4" were co-conspirators who jointly owned a company located in Great Neck, New York that supplied telecommunications equipment and services to Mount Sinai ("Vendor 2").

6. Various other persons, not made defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

7. Whenever in this Information reference is made to any act, deed, or transaction of any corporation, such allegation shall be deemed to mean that the corporation engaged in such act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

II. BACKGROUND

8. The Mount Sinai Hospital is a 1,171-bed tertiary-care teaching hospital with a medical staff of nearly 1,800, serving the New York metropolitan area. Mount Sinai School of Medicine performs clinical and basic-science research, in addition to its medical education function. Jointly, both entities operate an Information Technology department located within the Mount Sinai Medical Center on Madison Avenue.

9. Mount Sinai's Information Technology department served the various departments and facilities within Mount Sinai by assisting them in creating and maintaining their telecommunications infrastructures. This included selecting and contracting with third parties that were vendors of telecommunications equipment and services in order to install equipment such as voice and data cables in Mount Sinai facilities.

10. Mount Sinai had a competitive bidding policy that required the Information Technology department to obtain at least three competitive bids before entering into any single contract for goods or services in excess of \$10,000, and then award those contracts to the lowest responsible bidder. The purpose of the bidding policy was to ensure that the Information Technology department obtained products and services at competitive, fair market prices.

11. As the Information Technology Manager, CC-1 was responsible for obtaining bids from vendors of telecommunications equipment and services before contracts were awarded in accordance with Mount Sinai's policies and procedures, including adhering to Mount Sinai's competitive bidding policy. In addition, CC-1 was responsible for supervising these vendors and reviewing and authorizing their invoices for payment. As a manager, CC-1 sometimes delegated these tasks to individuals he supervised, including CC-2.

12. Broadcom, CC-1, CC-2 and co-conspirators attempted to create the appearance that the Information Technology department was awarding contracts in compliance with Mount Sinai's competitive bidding policy when, in fact, it frequently was not. In actuality, CC-1 determined in advance which contracts to allocate to Broadcom or Vendor 2, and then, in order to make it appear that contracts had been awarded based on competitive bids, CC-1 and CC-2 at times arranged to receive bids with intentionally high prices (i.e., cover bids) from either Broadcom or Vendor 2. CC-1 and CC-2 sometimes specified what prices should be quoted on these cover bids, and that the bids be backdated.

On other occasions, CC-1 and CC-2 allocated contracts without obtaining multiple bids or irrespective of whether the vendor to which the contract was allocated was the lowest responsible bidder. At the time, CC-1 and CC-2 were receiving payments from Broadcom and Vendor 2.

13. Mount Sinai maintained a written “conflict of interest” policy prohibiting employees and contractors, including CC-1 and CC-2, from accepting gifts (other than of token value) from vendors or from entering into business arrangements with vendors.

14. At no time did any representative of Broadcom or CC-1 or CC-2 disclose to Mount Sinai that the company had paid money to CC-1 or CC-2. All such payments were made without the knowledge or approval of Mount Sinai, and in violation of CC-1’s and CC-2’s duty of loyalty to Mount Sinai.

III. TRADE AND COMMERCE

15. From approximately January 2001 through October 2004, pursuant to contracts that are the subject of this Information, Mount Sinai purchased approximately \$2,089,000 in telecommunications equipment and services from Broadcom and Vendor 2.

16. During the period covered by this Information, Broadcom and Vendor 2 supplied telecommunications equipment and services to Mount Sinai, including materials produced pursuant to contracts that are the subject of this Information, which were shipped across state lines, in a continuous and uninterrupted flow of interstate commerce, in the form of voice and data cables and other equipment obtained from distributors located outside the State of New York.

17. The activities of the defendant and co-conspirators with respect to the sale of telecommunications equipment and services to Mount Sinai, including the sale of voice and data cables and other equipment pursuant to contracts that are the subject of this Information, were within the flow of, and substantially affected, interstate trade and commerce.

IV. DESCRIPTION OF THE OFFENSE

18. From approximately January 2001 through October 2004, the exact dates being unknown to the United States, the defendant and co-conspirators engaged in a combination and conspiracy in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act (Title 15, United States Code, Section 1).

19. The aforesaid combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the defendant and co-conspirators, the substantial terms of which were to rig bids and allocate contracts for the supply of telecommunications equipment and services to Mount Sinai.

20. For the purpose of forming and effectuating the aforesaid combination and conspiracy, the defendant and co-conspirators did those things which they combined and conspired to do, including, among other things:

(a) CC-1 designated in advance whether Broadcom or Vendor 2 would be the low bidder on certain contracts to supply telecommunications equipment and services to Mount Sinai;

(b) Broadcom and co-conspirators discussed and agreed on the prices that would be bid on contracts to supply telecommunications equipment and services to Mount Sinai;

(c) Broadcom and co-conspirators submitted intentionally high, noncompetitive bids (i.e., cover bids) on certain contracts to supply telecommunications equipment and services to Mount Sinai, with the understanding they would be allowed to submit bids for, and under certain circumstances allocated other contracts with, Mount Sinai to supply telecommunications equipment and services. The intentionally high bids were submitted in order to make it appear that there had been competition for Mount Sinai contracts when, in fact, there had not; and

(d) CC-1 and CC-2 allocated other contracts between Broadcom and Vendor 2 in violation of Mount Sinai's competitive bidding policy by either failing to obtain competitive bids or awarding contracts to either Broadcom or Vendor 2 regardless of whether that vendor was in fact the lowest qualified bidder, or otherwise manipulating bids so as to justify an allocation to either Broadcom or Vendor 2 while making it appear that there had been competition for Mount Sinai contracts when, in fact, there had not;

(e) CC-1 and CC-2 allocated other, smaller contracts between Broadcom and Vendor 2 and did not seek alternative vendors;

(f) In approximately June 2002, CC-1 and CC-2 allocated to Broadcom a contract to install telecommunications equipment in a Mount Sinai emergency room facility called the "ED Project." A representative of Broadcom discussed and agreed in

advance with CC-1 that Broadcom would be allocated the “ED Project” contract for a specified inflated price. CC-1 told Broadcom’s representative to submit a bid with the inflated price and instructed CC-2 to get other vendors to submit bids with higher, non-competitive prices (i.e., cover bids). As a result, Broadcom was awarded the “ED project” contract for \$295,000;

(g) In approximately March 2002, CC-1 and CC-2 allocated a contract to install telecommunications equipment for Mount Sinai’s Radiation Oncology department to Vendor 2. Broadcom submitted an intentionally high cover bid for this contract. A Broadcom representative submitted the inflated bid on behalf of Broadcom; and

(h) Broadcom made substantial payments to companies controlled by CC-1 and CC-2 for their role in allocating contracts to Broadcom.

21. As a result of the aforementioned conspiracy, Mount Sinai paid more for the telecommunications equipment and services it purchased pursuant to the contracts that are the subject of this Information than it would have had the contracts instead been awarded pursuant to truly competitive bidding, or an otherwise competitive process, where free and open competition among vendors existed, and had there been no payments by Broadcom to CC-1 and CC-2. In addition, because of the corrupt relationships between the Broadcom and CC-1 and CC-2, other legitimate vendors of telecommunications equipment and services were foreclosed from selling to Mount Sinai.

V. JURISDICTION AND VENUE

22. The aforesaid combination and conspiracy was formed and carried out, in

part, within the Southern District of New York within the five years preceding the filing of this Information.

IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.

Dated:

/s/

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Assistant Attorney General

/s/

RALPH T. GIORDANO
Chief, New York Office

/s/

SCOTT D. HAMMOND
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/s/

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