

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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	:	Criminal No. 11 CRIM 269
UNITED STATES OF AMERICA	:	
	:	Filed: March 23, 2011
v.	:	
	:	Violations:
	:	18 U.S.C. § 371
BERNARD GROBART and	:	18 U.S.C. § 1512(b)(2)(B)
TENEYCK, INC. f/k/a NEILL SUPPLY	:	
CO., INC.,	:	
Defendants.	:	

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**PLEA AGREEMENT**

The United States of America and the defendants, BERNARD GROBART (“GROBART”) and TENEYCK, INC. f/k/a NEILL SUPPLY CO., INC. (“TENEYCK f/k/a NEILL SUPPLY”), hereby enter into the following Plea Agreement (“Agreement”) pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure (“Fed. R. Crim. P.”).

**AGREEMENT TO PLEAD GUILTY AND WAIVE CERTAIN RIGHTS**

1. The defendants, GROBART and TENEYCK f/k/a NEILL SUPPLY, will waive indictment pursuant to Rule 7(b) of the Federal Rules of Criminal Procedure and plead guilty in the United States District Court for the Southern District of New York to the attached Information, in which (a) each defendant is charged with one count of

the attached Information, in which (a) each defendant is charged with one count of violating 18 U.S.C. § 371 in connection with a conspiracy to pay bribes in violation of 18 U.S.C. § 666(a)(2) and commit wire fraud under 18 U.S.C. §§ 1343 and 1346 relating to a scheme to defraud Consolidated Edison of New York (“Con Edison”) of money and to deprive Con Edison of its right to the honest and faithful services of James M. Woodason (“Woodason”), from approximately November 2003 to approximately August 2008, as described in the attached Information; and (b) GROBART is charged with one count of violating 18 U.S.C. § 1512(b)(2)(B), as described in the attached Information.

**GOVERNMENT’S AGREEMENT**

2. Subject to the defendants’ full compliance with the understandings specified in this Agreement, and upon the Court’s acceptance of their guilty pleas called for by this Plea Agreement, the Antitrust Division of the United States Department of Justice agrees not to bring further criminal charges against the defendants for crimes committed prior to the date of this Agreement arising from the following activity, as specified in the attached Information, to wit: (a) the defendants’ payment of a bribe in cash installments to Woodason which were paid to induce Woodason to provide favorable action with respect to the award of Con Edison industrial pipe, valve and fitting contracts to TENEYCK f/k/a NEILL SUPPLY from approximately November 2003 to approximately August 2008; and (b) GROBART’s role in destroying a document that reflected the cash bribe payments to

Woodason. The nonprosecution terms of this paragraph do not apply to civil matters of any kind, to any violation of the federal securities laws, or to any crime of violence.

3. It is understood that this Agreement does not bind any other federal agency or local prosecuting authority or administrative agency other than the Antitrust Division of the United States Department of Justice.

**POSSIBLE MAXIMUM PENALTIES**

4. Defendant GROBART understands that the statutory maximum penalty which may be imposed against him upon conviction for a violation of 18 U.S.C. § 371 is:

(a) a term of imprisonment of not more than five (5) years;

(b) a fine of not more than the greater of \$250,000, or the greater of twice his gross pecuniary gain from the offense or twice the victim's gross pecuniary loss from the offense; or

(c) both such sentences; and

(d) a term of supervised release of no more than three (3) years following any term of imprisonment pursuant to 18 U.S.C. § 3583(b)(2) and U.S.S.G. § 5D1.2(a)(2). Pursuant to 18 U.S.C. § 3583(e)(3), if the defendant violates any condition of supervised release, he could be imprisoned up to two (2) years.

5. Defendant GROBART also understands that, with respect to Count One of the Information:

(a) the Court shall impose an order of restitution, pursuant to 18 U.S.C. § 3663A and U.S.S.G. § 5E1.1; and

(b) pursuant to 18 U.S.C. § 3013(a)(2)(A), the Court is required to order the defendant to pay a \$100.00 special assessment upon conviction for the charged crime.

6. Defendant GROBART understands that the statutory maximum penalty which may be imposed against him upon conviction for a violation of 18 U.S.C. § 1512(b)(2)(B) is:

(a) a term of imprisonment of not more than twenty (20) years;

(b) a fine of not more than \$250,000; or

(c) both such sentences; and

(d) a term of supervised release of no more than three (3) years following any term of imprisonment pursuant to 18 U.S.C. § 3583(b)(1) and U.S.S.G. § 5D1.2(a)(2).

Pursuant to 18 U.S.C. § 3583(e)(3), if the defendant violates any condition of supervised release, he could be imprisoned up to two (2) years.

7. Defendant GROBART also understands that, with respect to both Counts One and Two of the Information, pursuant to 18 U.S.C. § 3013(a)(2)(A), the Court is required to order the defendant to pay a \$100.00 special assessment upon conviction for each charged crime.

8. Defendant TENEYCK f/k/a NEILL SUPPLY understands that the statutory maximum penalty which may be imposed against it upon conviction for a violation of 18 U.S.C. § 371 is a fine in an amount equal to the greatest of:

(a) \$500,000 (18 U.S.C. § 3571(c)(3)); or

(b) twice the gross pecuniary gain the conspirators derived from the crime (18 U.S.C. §§ 3571(c) and (d)); or

(c) twice the pecuniary loss caused to the victim of the crime by the conspirators (18 U.S.C. §§ 3571(c) and (d)).

9. Defendant TENEYCK f/k/a NEILL SUPPLY also understands that:

(a) pursuant to 18 U.S.C. § 3561(c)(1), the Court may impose a term of probation of at least one year, but not more than five years;

(b) pursuant to U.S.S.G. § 8B1.1, 18 U.S.C. § 3563(b)(2) or § 3663A, the Court shall order it to pay restitution to the victim of the offense; and

(c) pursuant to 18 U.S.C. § 3013(a)(2)(B), the Court is required to order TENEYCK f/k/a NEILL SUPPLY to pay a \$400 special assessment upon conviction for the charged crime.

#### **SENTENCING GUIDELINES**

10. The defendants understand that United States Sentencing Guidelines (“Sentencing Guidelines”) are advisory, not mandatory, but that the Court must consider the Sentencing Guidelines in effect on the day of sentencing, along with the other factors

set forth in 18 U.S.C. § 3553(a), in determining and imposing a sentence. The defendants understand that the Sentencing Guidelines determinations will be made by the Court by a preponderance of the evidence standard. The defendants understand that although the Court is not ultimately bound to impose sentences within the applicable Sentencing Guidelines range, their sentences must be reasonable based upon considerations of all relevant sentencing factors set forth in 18 U.S.C. § 3553(a).

**SENTENCING AGREEMENT**

11. The defendants stipulate and agree that, from approximately November 2003 through approximately August 2008, in connection with the conspiracy to defraud charged in Count One of the attached Information, the defendants gave Woodason approximately \$297,000 in cash bribe payments, which shall be considered as the value of the bribe payment for sentencing purposes, pursuant to U.S.S.G. §2C1.1(b)(2). The defendants also stipulate and agree that, as part of this scheme, Woodason, a co-conspirator, did not pay taxes due and owing on these bribe payments, and that approximately \$104,666 (in unpaid state and federal taxes) shall be considered relevant conduct for sentencing purposes, pursuant to U.S.S.G. §1B1.3.

12. The United States and defendant GROBART agree and stipulate that the combined adjusted offense level applicable to the offenses charged in the attached Information is level 27 (70-87 months) ("Stipulated Guidelines Range"), which is derived from the following calculations:

(a) Pursuant to U.S.S.G. §2C1.1(a)(2), the base offense level for the charged conspiracy is 12.

(b) Pursuant to U.S.S.G. §2C1.1(b)(2) and §2B1.1(b)(1)(H), an additional fourteen-level (14) increase is appropriate because the value of the bribe payment obtained by Woodason and the tax loss caused by the bribe payments to Woodason is more than \$400,000 but less than \$1,000,000;

(c) Pursuant to U.S.S.G. §3B1.1(c), an additional two-level (2) increase is appropriate because defendant GROBART was an organizer, leader, manager and supervisor in a criminal activity;

(d) Pursuant to U.S.S.G. §3C1.1, an additional two-level (2) increase is appropriate because defendant GROBART willfully obstructed and impeded the administration of justice; and

(e) Pursuant to U.S.S.G. §3E1.1, assuming defendant GROBART pleads guilty by March 24, 2011 and clearly demonstrates acceptance of responsibility through his allocution and subsequent conduct prior to the imposition of a sentence, a two-level reduction will be warranted, pursuant to U.S.S.G. §3E1.1(a). Furthermore, assuming the defendant has accepted responsibility as described in the previous sentence, an additional one-level reduction is warranted, pursuant to U.S.S.G. §3E1.1(b), because the defendant gave timely notice of his intention to enter a plea of guilty, thereby permitting the

government to avoid preparing for trial and permitting the Court to allocate its resources efficiently.

13. The United States and defendant GROBART agree and stipulate that the fine range for GROBART for the offenses charged in the Information is from \$12,500 to \$125,000 (Level 27), pursuant to U.S.S.G. §§5E1.2(b) and (c)(3).

14. The United States and defendant TENEYCK f/k/a NEILL SUPPLY agree and stipulate that the fine range for TENEYCK f/k/a NEILL SUPPLY for the offense charged in the Information is from \$5,920,000 to \$11,840,000, calculated as follows:

(a) Pursuant to U.S.S.G. §8C2.3, the offense level for the charged conspiracy is 26, which is calculated from the base offense level of 12 (pursuant to U.S.S.G. §2C1.1(a)(2)) plus an additional fourteen-level (14) increase is appropriate because the value of the bribe payment obtained by Woodason and the tax loss caused by the bribe payments to Woodason is more than \$400,000 but less than \$1,000,000 (pursuant to U.S.S.G. §2C1.1(b)(2) and §2B1.1(b)(1)(H));

(b) Pursuant to U.S.S.G. §8C2.4(a), §2C1.1(d)(1), and §8C2.4(d), the base fine is \$3,700,000;

(c) Pursuant to U.S.S.G. §8C2.5, defendant TENEYCK f/k/a NEILL SUPPLY has a culpability score of 8, calculated as follows: The base level is five (5) pursuant to U.S.S.G. §8C2.5(a), with a one-point (1) increase pursuant to U.S.S.G. §8C2.5(b)(5) because the organization had 10 or more employees and an individual within

substantial authority personally participated in the offense; a three-point (3) increase pursuant to §8C2.5(e) for obstruction of justice; and a one-point (1) deduction pursuant to U.S.S.G. §8C2.5(g) provided that the organization clearly demonstrates recognition and affirmative acceptance of responsibility for its criminal conduct;

(d) Pursuant to U.S.S.G. §8C2.6, a culpability score of 8 leads to a minimum multiplier of 1.6 and a maximum multiplier of 3.2; and

(e) Pursuant to U.S.S.G. §8C2.7(a) and §8C2.7(b), the fine range is \$5,920,000 to \$11,840,000.

15. Nothing in this agreement limits the right of the parties to (i) present to the Probation Department or the Court any facts relevant to sentencing; (ii) make any arguments regarding where within the Stipulated Guidelines Ranges (or such other range as the Court may determine) the defendants should be sentenced and regarding the factors to be considered in imposing a sentence pursuant to 18 U.S.C. § 3553(a); and (iii) seek an appropriately adjusted Sentencing Guidelines Range if it is determined based upon new information that the defendants' criminal history category is other than Category I. Nothing in this agreement limits the right of the Government to seek denial of the adjustment for acceptance of responsibility, pursuant to U.S.S.G. §3E1.1, and/or imposition of an adjustment for obstruction of justice, pursuant to U.S.S.G. §3C1.1, regardless of any stipulation set forth above, should the defendants move to withdraw their guilty plea once it is entered, or should it be determined that the defendants have either (i)

engaged in conduct, unknown to the Antitrust Division of the Department of Justice at the time of the signing of this Agreement, that constitutes obstruction of justice, or (ii) committed another crime after signing this agreement.

16. It is understood that pursuant to Sentencing Guidelines §6B1.4(d), neither the Probation Department nor the Court is bound by the above Guidelines stipulations, either as to questions of fact or as to the determination of the proper Guidelines to apply to the facts. In the event that the Probation Department or the Court contemplates any Guidelines adjustments, departures, or calculations different from those stipulated to above, or contemplates any sentence outside of the Stipulated Guidelines Ranges, the parties reserve the right to answer any inquiries and to make all appropriate arguments concerning the same.

17. The defendants understand that the sentences to be imposed on them are determined solely by the Court. It is understood that the Sentencing Guidelines are not binding on the Court. The defendants acknowledge that the entry of their guilty pleas to the charged offenses authorizes the sentencing court to impose any sentence, up to and including the statutory maximum sentence. The United States cannot, and does not, make any promise or representation as to what sentences the defendants will receive. Moreover, the defendants understand they will have no right to withdraw their pleas of guilty should the sentence imposed by the Court be outside the Stipulated Guidelines Ranges set forth above.

18. The United States and the defendants agree that (i) the defendants will not appeal or otherwise litigate under 28 U.S.C. §§ 2255 and/or 2241 any sentence within or below the Stipulated Guidelines Ranges as set forth in this Agreement, and (ii) that the United States will not appeal any sentence within or above the Stipulated Guidelines Ranges as set forth above. This provision is binding on the parties even if the Court employs a Sentencing Guidelines analysis different from that set forth in this Agreement. Furthermore, it is agreed that any appeal regarding the sentences of the defendants that are not foreclosed by this provision will be limited to that portion of the sentencing calculation that is inconsistent with (or not addressed by) this Agreement.

19. The defendants agree that 30 days prior to the date of sentencing they will have \$300,000 in liquid assets in an escrow account controlled by their attorneys. The United States and the defendants agree to recommend to the Court that the funds in the escrow account be used only to satisfy any fine or restitution that the defendants are sentenced to pay. The defendants acknowledge, however, that the Court may sentence them to pay fines and restitution in excess of the amount in the escrow account. The United States and the defendants also agree that if the funds in the escrow account exceed the amount of fines and restitution the defendants are sentenced to pay, they will seek the Court's permission to return the remainder to the defendants.

20. The defendants agree to recommend to the Court that they be ordered to pay no less than \$297,000 in restitution to Con Edison, jointly and severally with their co-conspirators.

21. The defendants understand that this Agreement does not in any way affect or limit the right of the United States to respond to and take positions on post-sentencing motions or requests for information that relate to a reduction or modification of their sentences.

22. The defendants understand and agree that should a conviction following their pleas of guilty pursuant to this Agreement be vacated for any reason, any prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement (including any counts that the Government has agreed to dismiss at sentencing pursuant to this Agreement) may be commenced or reinstated against them, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement or reinstatement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed.

23. The defendants agree to waive any objection or defense that they may have that venue lies outside the Southern District of New York as to any Count. The defendants understand that this waiver is knowingly and voluntarily made after fully conferring with, and on the advice of, their counsel, and are made for their own benefit.

**REPRESENTATION BY COUNSEL**

24. The defendants have reviewed all legal and factual aspects of this case with their attorneys and are fully satisfied with their attorneys' legal representation. The defendants have thoroughly reviewed this Agreement with their attorneys, and have received satisfactory explanations from their attorneys concerning each paragraph of this Agreement and alternatives available to the defendants other than entering into this Agreement. After conferring with their attorneys and considering all available alternatives, The defendants have made knowing and voluntary decisions to enter into this Agreement.

**VOLUNTARY PLEA**

25. The defendants hereby acknowledge that they have accepted this Agreement and decided to plead guilty because they are in fact guilty. By entering these pleas of guilty, the defendants SUPPLY waive any and all right to withdraw their pleas or to attack their convictions, either on direct appeal or collaterally, on the ground that the United States has failed to produce any discovery material, Jencks Act material, exculpatory material pursuant to Brady v. Maryland, 373 U.S. 83 (1963), other than information establishing the factual innocence of the defendants, and impeachment material pursuant to Giglio v. United States, 405 U.S. 150 (1972), that have not already been produced as of the date of the signing of this Agreement.

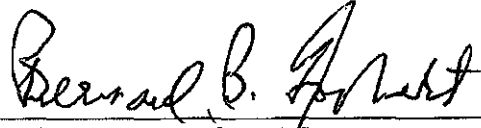
26. The defendants' decisions to enter into this Agreement and to tender pleas of guilty are freely and voluntarily made and are not the result of force, threats, assurances, promises, or representations other than the representations contained in this Agreement. The United States has made no promises or representations to the defendants as to whether the Court will accept or reject the recommendations contained within this Agreement.

**ENTIRETY OF AGREEMENT**

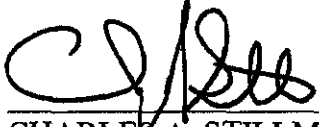
27. This Agreement constitutes the entire agreement between the United States and the defendants concerning the disposition of the charges contained in the attached Information. The United States has made no other promises to or agreements with the defendants. This Agreement cannot be modified except in writing, signed by the United States and the defendants.

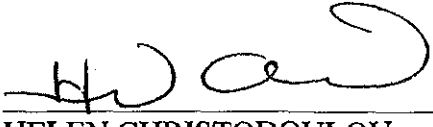
28. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Agreement on behalf of the United States.

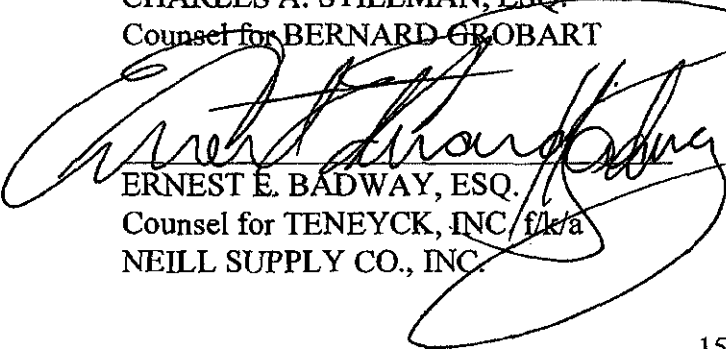
Dated: 3/10/11

  
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For himself and for TENEYCK, INC.  
f/k/a NEILL SUPPLY CO., INC.

  
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