UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
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UNITED STATES OF AMERICA	:	Criminal No. 99-CR-920
v.	:	Filed: 9/16/99
AARON LUGO,	:	Violations: 15 U.S.C. § 1 18 U.S.C. § 371
Defendant.	:	26 U.S.C. § 7201

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INFORMATION

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

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

1. Aaron Lugo ("Lugo") is hereby made a defendant on the charge stated below.

I. THE RELEVANT PARTIES AND ENTITIES

During the period covered by this Count:

2. Lugo resided in Pearl River, New York until 1995, when he moved to Bardonia, New York.

3. Lugo was employed as the director of operations at Odyssey House, Inc. (hereinafter "Odyssey House"). Odyssey House was a not-for-profit residential substance abuse treatment organization located in Manhattan. Lugo had primary responsibility at Odyssey House for purchasing most goods and services, including food, meat, health and beauty aids, baby supplies, office supplies, printed materials, janitorial supplies, and

medical supplies.

4. Odyssey House received a significant portion of its funding from the State of New York Office of Alcoholism and Substance Abuse Services ("OASAS"). As a condition of that funding, OASAS required Odyssey House to solicit at least three competitive bids before it purchased any items which, in the aggregate, totaled at least $3000 during any 60-day period. Odyssey House solicited bids from potential vendors of most goods and services, including food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies.

5. "CC-1" was a co-conspirator that was a corporation located in Brooklyn, New York. CC-1 was a vendor of food, health and beauty supplies, and baby supplies.

6. "CC-2" was a co-conspirator that was a corporation located in the Bronx, New York. CC-2 was a vendor of food, health and beauty supplies, and baby supplies. The owner of CC-1 also served as an independent sales representative for CC-2.

7. "CC-3" was a co-conspirator that was a corporation located in Queens, New York. CC-3 was a vendor of food, health and beauty supplies, and baby supplies.

8. "CC-4" was a co-conspirator that was a corporation located in Manhattan, New York. CC-4 was a vendor of office supplies.

9. "CC-5" was a co-conspirator that was a corporation located in Manhattan, New York. CC-5 was a vendor of printed materials.

10. "CC-6" was a co-conspirator that was a corporation located in Queens, New York. CC-6 was a vendor of meat.

11. "CC-7" was a co-conspirator that was a corporation located in Queens, New York. CC-7 was a wholesaler of meat.

12. "CC-8" was a co-conspirator that was a corporation located in Manhattan, New York. CC-8 was a vendor of office supplies.

13. "CC-9" was a co-conspirator that was a corporation located in the Bronx, New York. CC-9 was a vendor of janitorial supplies.

14. "CC-10" was a co-conspirator that was a corporation located in Pelham Manor, New York. CC-10 was a vendor of medical supplies.

15. "CC-11" was a senior executive of Odyssey House.

16. 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.

17. Various persons and firms, not made defendants herein, participated as

co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

II. DEFINITIONS

18. The term "food" includes groceries, produce, frozen foods, and similar items.

19. The term "health and beauty supplies" includes personal hygiene items such as soap, shampoo, deodorant, and similar items.

20. The term "baby supplies" includes diapers, wipes, baby food, infant formula, and similar items.

21. The term "printed materials" includes custom-designed business forms, brochures, posters, letterhead paper, business cards, and similar items.

22. The term "office supplies" includes office furniture, photocopy machine supplies, staplers, pens, paperclips, and similar items.

23. The term "janitorial supplies" includes cleaning and maintenance chemicals, cleansers, tools, and similar items.

24. The term "medical supplies" includes medicine, bandages, and similar items.

III. TRADE AND COMMERCE

25. During the period covered by this Count, Odyssey House purchased substantial quantities of food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies from vendors who obtained their goods from suppliers located throughout the United States.

26. Beginning at least as early as 1990 and continuing until at least April 1998, as a result of the conspiracy charged herein, Odyssey House awarded contracts for food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies worth a total of approximately $9.88 million to CC-1, CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, CC-8, CC-9, and CC-10.

27. During the period covered by this Count, the activities of the defendant and co-conspirators with respect to the sale of food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies to Odyssey House were within the flow of, and substantially affected, interstate commerce.

IV. DESCRIPTION OF THE OFFENSE

28. Beginning at least as early as 1990 and continuing until at least April 1998, 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).

29. 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 food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies awarded by Odyssey House.

30. 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) determined which co-conspirators would be the low bidders to Odyssey House on contracts for food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies;

(b) arranged for one or more higher, noncompetitive bids to be submitted to

Odyssey House by other co-conspirators or by other vendors, with the intention of causing the designated co-conspirators to be awarded contracts by Odyssey House; and

(c) paid money and provided goods and services to Lugo and to CC-11 for their assistance in frustrating and subverting Odyssey House's program for seeking competitive bids for contracts for food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies, and for ensuring that no potential competitors who were not co-conspirators would be invited to bid on contracts awarded by Odyssey House for food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, janitorial supplies, and medical supplies.

V. JURISDICTION AND VENUE

31. 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.

COUNT TWO -- CONSPIRACY
(18 U.S.C. § 371)

The United States of America further charges:

32. Paragraphs 1 through 23 of Count One of this Information are repeated, realleged, and incorporated in Count Two as if fully set forth in this Count.

VI. THE RELEVANT PARTIES AND ENTITIES

33. "CC-12" was a co-conspirator that was a corporation located in Manhattan, New York. CC-12 was a vendor of office supplies.

34. "CC-13" was a co-conspirator that was a corporation located in Queens, New York. CC-13 was a vendor of office supplies.

VII. DESCRIPTION OF THE OFFENSE

35. From at least as early as October 1987 and continuing until at least April 1998, the exact dates being unknown to the United States, the defendant Lugo and co-conspirators did unlawfully, willfully, and knowingly conspire, combine, confederate, and agree to (a) defraud Odyssey House; (b) obtain money and property from Odyssey House by means of false and fraudulent pretenses, representations, and promises; and (c) deprive Odyssey House of its right to the honest services of certain of its employees, which scheme and artifice was executed by and through the use of the United States mails, in violation of Title 18, United States Code, Sections 1341 and 1346, all in violation of Title 18, United States Code, Section 371.

VIII. THE MANNER AND MEANS BY WHICH THE

CONSPIRACY WAS CARRIED OUT

The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

36. During all or some of the period from at least October 1987 until at least April 1998, nine vendors to Odyssey House paid Lugo kickbacks in cash or goods and services totaling at least $364,000. The nine vendors were CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, CC-9, CC-12, and CC-13. Each of these vendors paid kickbacks calculated according to a percentage, usually 4% or 5%, of the total value of orders it actually delivered to Odyssey House. The nine vendors paid kickbacks in order to ensure that Lugo would allocate to them a portion of the total value of contracts for food, meat, health and beauty aids, baby supplies, office supplies, printed materials, and janitorial supplies awarded by Odyssey House.

37. In addition, during all or some of the period from at least as early as 1994 until at least April 1998, Lugo and seven vendors to Odyssey House -- CC-1, CC-2, CC-3, CC-4, CC-5, CC-8, and CC-9 -- embezzled at least $2.342 million from Odyssey House. Lugo caused Odyssey House to issue false and fraudulent purchase orders to each of the seven vendors, and then each of the vendors issued corresponding false and fraudulent invoices. The purchase orders were false and fraudulent in that they purported to order food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, or janitorial supplies which were not intended to be delivered. The invoices issued by the

seven vendors were false and fraudulent in that they billed for goods and services never in fact delivered. Lugo and the seven vendors falsely certified that Odyssey House had received all of the goods described in those purchase orders and invoices, and thereby caused Odyssey House to pay the full amount stated in them. In actuality, each of the seven vendors provided little or none of the food, meat, health and beauty supplies, baby supplies, office supplies, printed materials, or janitorial supplies described in the purchase orders and invoices. After receiving payment from Odyssey House on the false and fraudulent invoices, each of the seven vendors returned 40% or 50% of the face value of those invoices in cash to Lugo.

38. In approximately late 1994, CC-11, a senior executive of Odyssey House, asked Lugo to help him obtain additional income. Lugo told CC-11 that he would ask one of the vendors to Odyssey House to provide money for the personal benefit of CC-11. Thereafter, almost every month, Lugo gave CC-11 a portion of the cash he received from vendors to Odyssey House. In addition, at CC-11's request, Lugo provided CC-11 with airplane tickets and cash for out-of-town trips, and with other goods and services. Lugo obtained the airline tickets and cash from CC-1.

IX. OVERT ACTS

In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the Southern District of New York, and elsewhere:

39. Between 1994 and April 1998, Lugo and his co-conspirators caused Odyssey House to issue more than 100 false and fraudulent purchase orders, and caused CC-1, CC-2, CC-3, CC-4, CC-5, CC-8, and CC-9 to issue more than 100 false and fraudulent invoices corresponding to those purchase orders.

IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 371

COUNT THREE -- INCOME TAX EVASION
(26 U.S.C. § 7201)

The United States of America further charges:

40. Paragraphs 1 through 23 of Count One of this Information are repeated, realleged, and incorporated in Count Three as if fully set forth in this Count.

41. That on or about each of the filing dates set forth below, in the Southern District of New York, Lugo did unlawfully, willfully, and knowingly attempt to evade and defeat a large part of the income tax due and owing by him and his spouse to the United States of America for each of the calendar years 1994 through 1997, by filing and causing to be filed with the Internal Revenue Service Center, false and fraudulent U.S. Individual Income Tax Returns, Forms 1040 and Forms 1040A, wherein he and his spouse failed to report as income a total of at least $1.200 million in cash he had received during those years from CC-1, CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, CC-8, CC-9, CC-10, CC-12, and CC-13 and wherein he and his wife stated that their taxable income was for the sums set forth below, and that the amount of taxes due and owing thereon was for the sums set forth below; whereas, as he then and there well knew and believed, their true taxable income for those calendar years was substantially in excess of the specific sums reported, upon which additional taxable income there was owing to the United States of America substantial additional income tax:

YEAR	FILING DATE	REPORTED TAXABLE INCOME	REPORTED TAX
1994	4/15/95	$27,388	$4,106
1995	4/15/96	$26,188	$3,919
1996	4/15/97	$26,552	$3,986
1997	4/15/98	$27,046	$4,054

IN VIOLATION OF TITLE 26, UNITED STATES CODE, SECTION 7201

Dated:

/s/_____
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Assistant Attorney General

/s/_____
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/s/_____
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