

printing companies that paid commissions on those sales to printing brokers, and from printing brokerage companies that purchased directly from printing companies.

4. From April 2001 to approximately 2004, RICHARD was Senior Production Manager at PreVision Marketing, LLC ("Prevision), a customer relationship management agency, located in Lincoln, Massachusetts. In 2004, he was promoted to Director of Production, a position he held until he left Prevision in February 2006. In 2000, Valassis acquired 80% of Prevision and the company assumed the name "Prevision - A Valassis Company." As part of the direct mail advertising services that Prevision provided to its clients, Prevision purchased printing materials and services directly from printing companies that paid commissions on those sales to printing brokers, and from printing brokerage companies that purchased directly from printing companies.

5. "PC" was a printing company located in Pembroke, New Hampshire. PC serviced customer relationship management agencies and other customers that regularly utilized direct mail advertising (collectively "Advertising Customers). PC had approximately 150 employees and annual sales of over \$20 million.

6. "CC-1" was a co-conspirator who resided in Braintree, Massachusetts. CC-1 was a direct mail printing services broker who received commissions on sales by certain printing companies, such as PC, to Advertising Customers, such as Mullen and Prevision. The commissions were paid to CC-1 because CC-1 brokered the sales from the Advertising Customers to those printing companies.

7. "Brokerage Company-1" and "Brokerage Company-2" were direct mail printing brokerage companies located in West Bridgewater, Massachusetts. Brokerage Company-1 and Brokerage Company-2 were owned and controlled by CC-1, and were used by him to receive commissions from his printing company clients, such as PC. Brokerage Company-1 ceased doing business in December 2004 and resumed business in January 2005, operating as Brokerage Company-2.

8. "GRI" was a company, located in Carlisle, Massachusetts, owned and controlled by RICHARD and used by him to receive kickback payments from CC-1 and CC-2.

9. 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.

II. BACKGROUND

10. Direct mail advertising is the process by which companies specifically target potential customers and contact them with custom tailored offers, promotional materials or advertisements using the United States mail.

11. Beginning at least as early as 1999, PC engaged the brokerage services of CC-1 in order to generate sales of direct mail printing services to, among others, Advertising Customers such as Mullen and Prevision. Generally, PC paid commissions to CC-1 based on its sales to those Advertising Customers, and included the costs of those commissions in the invoices it submitted to Mullen and Prevision for payment. The

commissions paid to CC-1 were not explicitly listed in the PC invoices to Mullen or Prevision.

12. At Mullen and Prevision, RICHARD was responsible for overseeing the selection and management of printing companies. He was responsible for obtaining competitive pricing from printing companies and/or printing brokers, often through competitive bidding, and then recommending that certain direct mail printing companies or brokerages be awarded contracts by Mullen and Prevision. In this role, RICHARD caused Mullen and Prevision to procure direct mail printing services from printing companies. He was also responsible for reviewing invoices from printing companies and authorizing them for payment.

13. Mullen maintained a policy that required its employees, including RICHARD, to adhere to ethical standards of conduct. Mullen's ethical policy prohibited its employees from accepting bribes or kickbacks and any payment or gift from any vendor to Mullen.

14. Prevision maintained a policy that required its employees, including RICHARD, to adhere to ethical standards of conduct. Prevision's ethical policy prohibited its employees from accepting bribes or kickbacks, or from receiving gifts in excess of \$25, without the prior consent of the company's management or its human resource department.

III. DESCRIPTION OF THE OFFENSE

15. From approximately January 2000 through approximately February 2006, the exact dates being unknown to the United States of America, within the District of Massachusetts and elsewhere, the defendant, REED A. RICHARD, and his co-conspirators, and others known and unknown, did unlawfully, willfully, and knowingly combine, conspire, confederate, and agree, together and with each other, to commit mail fraud, to wit, to violate Title 18, United States Code, Sections 1341 and 1346, in violation of Title 18, United States Code, Section 1349.

16. It was a part and an object of the conspiracy that defendant RICHARD and his co-conspirators, and others known and unknown, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud Mullen and Prevision, including a scheme to deprive Mullen and Prevision of their right to the honest and faithful services of RICHARD through kickbacks, bribery and the concealment of material information, and for obtaining money and property from Mullen and Prevision by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice, and attempting to do so, would and did place in post offices and authorized depositories for mail matter, matters and things to be sent or delivered by the Postal Service, and deposit and cause to be deposited matters and things to be sent or delivered by private and commercial interstate carriers, and take and receive therefrom, such matters and things, and knowingly cause to be delivered by

mail and such carriers according to the directions thereon, or at the place at which they were directed to be delivered by the persons to whom they were addressed such matters and things, in violation of Title 18, United States Code, Sections 1341 and 1346.

IV. PURPOSE OF THE SCHEME

17. The purpose of the scheme and artifice was for the defendant RICHARD to secretly use his official position at Mullen and Prevision to enrich himself by soliciting and accepting gifts, payments, and other things of value from CC-1 in exchange for favorable official action, and for CC-1 to enrich himself by secretly obtaining favorable official action for PC, and himself through commissions paid to him on PC's sales to Mullen and Prevision, through corrupt means.

V. 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:

18. For each sale to Mullen and Prevision, PC initially created a draft invoice reflecting its actual costs and markup. PC then, as directed by CC-1 and as understood by RICHARD, fraudulently inflated the charges on the draft invoices, or invented new charges, to generate inflated commissions to be paid to CC-1, with the knowledge that CC-1 would later pay approximately half of those amounts to RICHARD as kickbacks. These inflated kickback amounts were therefore embedded in the prices charged in PC's invoices to Mullen and Prevision. The final inflated invoices were issued to, and paid by,

Mullen and Prevision without their knowledge of the inflations or kickbacks to RICHARD, and upon the recommendation of, and approval by, RICHARD. PC later paid the inflated commissions amounts to Brokerage Company-1, and then Brokerage Company-2.

19. Defendant RICHARD took steps to hide, conceal, and cover up his activity and the nature and scope of his dealings with CC-1, including generating fraudulent invoices from GRI to Brokerage Company-1 and Brokerage Company-2 for fictitious consulting services purportedly provided to them.

20. To pay these invoices, CC-1 caused Brokerage Company-1, and later Brokerage Company-2, to issue checks to GRI in amounts that correlated to the fraudulent invoices from GRI, which were based on the kickback payments due to RICHARD. These kickback payments to RICHARD were paid while RICHARD was employed by Mullen and Prevision in return for his role in causing Mullen and Prevision to purchase printing materials and services from PC. By paying the kickbacks, PC was able to maintain non-competitive prices because it did not face open and honest competition. RICHARD continued to accept kickback payments based on sales to Mullen after he left his employment at Mullen through to when he was hired at Prevision, at which point the kickbacks were primarily based on sales to Prevision.

21. RICHARD deposited the kickback payments he received from Brokerage

Company- 1 and Brokerage Company-2 into a bank account of GRI. In total, the kickback payments from Brokerage Company-1 and Brokerage Company-2 amounted to approximately \$1.14 million.

22. In exchange for defendant RICHARD's efforts to provide favorable official action by steering sales to PC at inflated prices, CC-1 agreed to provide RICHARD with the kickback payments.

23. At no time did RICHARD or his co-conspirators disclose to Mullen or Prevision RICHARD'S receipt of these kickback payments from Brokerage Company-1 or Brokerage Company-2, or that RICHARD intentionally approved fraudulently inflated PC invoices. All such payments and inflations were made without the knowledge or approval of Mullen or Prevision, and in violation of their ethical policies.

VI. OVERT ACTS

24. In furtherance of the Conspiracy, in the District of Massachusetts and elsewhere, RICHARD and others committed, and caused to be committed, among others, the following overt acts:

(a) On numerous occasions between approximately January 2000 through at least February 2006, pursuant to the conspiracy charged, CC-1, RICHARD and their co-conspirators caused Mullen to issue purchase orders, and caused PC to issue invoices, relating to the sale of printing materials and services to Mullen. Some of these invoices and purchase orders were sent through the United States mails. Many of these purchase

orders were sent from Mullen's offices in Massachusetts and many of these invoices were sent from PC's offices in New Hampshire;

(b) On numerous occasions between approximately January 2000 through at least February 2006, pursuant to the conspiracy charged, CC-1, RICHARD and their co-conspirators caused Prevision to issue purchase orders, and caused PC to issue invoices, relating to the sale of printing services to Prevision. Some of these invoices and purchase orders were sent through the United States mails. Many of these purchase orders were sent from Prevision's offices in Massachusetts and many of these invoices were sent from PC's offices in New Hampshire;

(c) On approximately October 14, 2005, GRI issued five invoices to Brokerage Company-1 for "Consulting Services Rendered" in the amounts of \$10,500, \$9,500, \$11,500, \$8,500 and \$8,000;

(d) On approximately October 25, 2005, Brokerage Company-1 issued a check to GRI, which was endorsed by RICHARD and deposited into a bank account maintained by that GRI, in the amount of \$15,000;

(e) On approximately December 23, 2005, PC paid \$1,258 in commissions to Brokerage Company-2 based on a \$4,800 invoice issued by PC to Prevision on approximately November 23, 2005; and

(f) On approximately February 15, 2006, PC paid \$9,783.45 in commissions to

Brokerage Company-2 based on a \$36,034.40 invoice issued by PC to Prevision on December 13, 2005.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1349

COUNT TWO-CONSPIRACY
(Title 18, United States Code, Section 1349)

I. RELEVANT PARTIES AND ENTITIES

The United States of America further charges:

25. Paragraphs 1 through 4, 8 through 10, and 12 through 14 of Count One of this Information are repeated, realleged and incorporated in Count Two as if fully set forth in this Count.

During the period covered by this Count:

26. "CC-2" was a co-conspirator who resided in Norwood, New Jersey and later Creskill, New Jersey. He was President of a direct mail printing brokerage company ("Brokerage Company-3"), located in Englewood, New Jersey. Brokerage Company-3 earned its profits by brokering sales between printing companies and Advertising Customers, including Mullen and Prevision. CC-2's salary from Brokerage Company-3 was directly tied to Brokerage Company-3's profitability, and therefore also to the profitability of its sales to Advertising Customers such as Mullen and Prevision, which were some of Brokerage Company-3's most profitable accounts.

II. BACKGROUND

27. Beginning at least as early as January 2000, Advertising Customers such as Mullen and Prevision also paid direct mail printing brokerage companies, such as Brokerage Company-3, to source and contract directly with direct mail printing companies. Brokerage Company-3 generated revenue by adding an additional charge to costs charged by the printing companies, and later invoicing Advertising Customers, such as Mullen and Prevision, for those amounts. The additional charge added by Brokerage Company-3 were not explicitly listed in Brokerage Company-3's invoices to Mullen or Prevision.

III. DESCRIPTION OF THE OFFENSE

28. From approximately January 2000 through approximately February 2006, the exact dates being unknown to the United States of America, within the District of Massachusetts and elsewhere, the defendant, REED A. RICHARD, and his co-conspirators, and others known and unknown, did unlawfully, willfully, and knowingly combine, conspire, confederate, and agree, together and with each other, to commit mail fraud, to wit, to violate Title 18, United States Code, Sections 1341 and 1346, in violation of Title 18, United States Code, Section 1349.

29. It was a part and an object of the conspiracy that defendant RICHARD and his co-conspirators, and others known and unknown, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud

Mullen and Prevision, including a scheme to deprive Mullen and Prevision of their right to the honest and faithful services of RICHARD through kickbacks, bribery and the concealment of material information, and for obtaining money and property from Mullen and Prevision by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice, and attempting to do so, would and did place in post offices and authorized depositories for mail matter, matters and things to be sent or delivered by the Postal Service, and deposit and cause to be deposited matters and things to be sent or delivered by private and commercial interstate carriers, and take and receive therefrom, such matters and things, and knowingly cause to be delivered by mail and such carriers according to the directions thereon, or at the place at which they were directed to be delivered by the persons to whom they were addressed such matters and things, in violation of Title 18, United States Code, Sections 1341 and 1346.

IV. PURPOSE OF THE SCHEME

30. The purpose of the scheme and artifice was for the defendant RICHARD to secretly use his official position at Mullen and Prevision to enrich himself by soliciting and accepting gifts, payments, and other things of value from CC-2 in exchange for favorable official action, and for CC-2 to enrich him himself and Brokerage Company-3 by secretly obtaining favorable official action Brokerage Company-3 through corrupt means.

V. 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:

31. During some or all of the period, RICHARD caused Mullen and later Prevision to purchase direct mail printing materials and services from Brokerage Company-3. For each sale to Mullen and Prevision, Brokerage Company-3 initially created a draft quote or invoice reflecting its actual costs. CC-2, as directed by RICHARD, fraudulently inflated the quote or invoices to include overcharges that he would then share with RICHARD as kickbacks. These kickback amounts were therefore embedded in the prices charged in Brokerage Company-3's invoices to Mullen and Prevision. The final inflated invoices were issued to, and paid by, Mullen and Prevision without their knowledge of the inflations or kickbacks to RICHARD, and upon the recommendation of, and approval by, RICHARD. Brokerage Company-3, under the direction of CC-2, later paid approximately one third to one half of these overcharges to RICHARD as kickbacks.

32. Defendant RICHARD took steps to hide, conceal, and cover up his activity and the nature and scope of his dealings with CC-2, including generating fraudulent invoices from GRI to Brokerage Company-3 for fictitious consulting services purportedly provided to them.

33. To pay these invoices, CC-2 caused Brokerage Company-3 to issue checks to GRI in amounts that correlated to the fraudulent invoices from GRI, which were based on the kickback payments due to RICHARD. These kickback payments to RICHARD were paid while RICHARD was employed by Mullen and Prevision in return for his role in causing Mullen and Prevision to purchase direct mail printing and services from Brokerage Company-3 at inflated prices. By paying the kickbacks, Brokerage Company-3 was able to maintain non-competitive prices because it did not face open and honest competition. RICHARD continued to accept kickback payments based on sales to Mullen after he left his employment at Mullen through to when he was hired at Prevision, at which point the kickbacks were primarily based on sales to Prevision.

34. RICHARD deposited the kickback payments he received from Brokerage Company-3 into a bank account of GRI. In total, the kickback payments from Brokerage Company-3 amounted to approximately \$686,730.00.

35. At no time did RICHARD or his co-conspirators disclose to Mullen or Prevision RICHARD'S receipt of these kickback payments from Brokerage Company-3. All such payments were made without the knowledge or approval of Mullen or Prevision, and in violation of their ethical policies governing employee acceptance of bribes or kickbacks, or gifts in excess of \$25 without the prior consent of either company's management or human resource department.

VI. OVERT ACTS

36. In furtherance of the Conspiracy, in the District of Massachusetts and elsewhere, RICHARD and others committed, and caused to be committed, among others, the following overt acts:

(a) On numerous occasions between approximately January 2000 through at least February 2006, pursuant to the conspiracy charged, RICHARD, CC-2 and their co-conspirators caused Mullen to issue purchase orders, and caused Brokerage Company-3 to issue invoices, relating to the sale of printing materials and services to Mullen. Some of these invoices and purchase orders were sent through the United States mails. Many of these purchase orders were sent from Mullen's offices in Massachusetts to Brokerage Company-3's office located in New Jersey, and many of these invoices were sent from Brokerage Company-3's office located in New Jersey to Mullen's offices in Massachusetts;

(b) On numerous occasions between approximately January 2000 through at least February 2006, pursuant to the conspiracy charged, RICHARD, CC-2, and their co-conspirators caused Prevision to issue purchase orders, and caused Brokerage Company-3 to issue invoices, relating to the sale of printing materials and services to Prevision. Some of these invoices and purchase orders were sent through the United States mails. Many of these purchase orders were sent from Prevision's offices in Massachusetts to Brokerage Company-3's office located in New Jersey, and many of

these invoices were sent from Brokerage Company-3's office located in New Jersey to Prevision's offices in Massachusetts;

(c) On approximately March 23, 2004, Brokerage Company-3 issued a check to GRI, which was endorsed by RICHARD and deposited into a bank account maintained by GRI, in the amount of \$10,500.00. This deposit was in payment of an invoice for \$10,400 for "Consulting Services Rendered" issued to Brokerage Company-3 by GRI on approximately January 4, 2004;

(d) On approximately November 1, 2005, RICHARD issued a purchase order to Brokerage Company-3 for \$42,000, which was later invoiced and paid by Prevision;

(e) On approximately December 9, 2005, Brokerage Company-3 issued a check to GRI, which was endorsed by RICHARD and deposited into a bank account maintained by GRI, in the amount of \$10,000.00. This deposit was in payment of the invoice for \$10,400 issued to Brokerage Company-3 on approximately October 2, 2005.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1349

COUNT THREE-TAX EVASION
(Title 26, United States Code, Section 7201)

The United States of America further charges:

38. Paragraphs 1, 2, 8, 21 of Count One and Paragraph 34 of Count Two of this Information are repeated, realleged, and incorporated in Count Three as if fully set forth in this Count.

39. RICHARD claimed substantial illegitimate business deductions on GRI's corporate United States income tax returns. As a result, RICHARD substantially under reported the taxable income and the correct amount of tax due and owing from GRI on its United States Corporate Income Tax Returns and, Forms 1120S, and RICHARD also substantially under reported the taxable income and the correct amount of tax due and owing by himself and his wife on his United States Individual Tax Returns, Forms 1040.

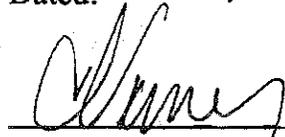
40. On or about the filing dates set forth below, in the District of Massachusetts and elsewhere, RICHARD unlawfully, knowingly and willfully, did attempt to evade and defeat a substantial part of the income tax due and owing by himself to the United States of America for the tax years set forth below by various means, including, among other things, by preparing and causing to be prepared, by signing and causing to be signed, and by filing and causing to be filed with the Internal Revenue Service, false and fraudulent United States Corporate Income Tax Returns, Forms 1120S and United States Individual Tax Returns, Forms 1040, for each of the calendar years 2004 and 2005, wherein RICHARD falsely claimed on GRI's United States Corporate Tax Returns that certain expenses were legitimate business expenses when, in fact, they were not, and thus falsely stated that his taxable income on his United States Individual Tax Returns, Forms 1040, were in the amounts set forth below, and that the amount of tax due and owing thereon was in the amounts set forth below, whereas, as RICHARD then and there well knew and believed, the correct taxable income and correct tax due and owing for those calendar

years was substantially in excess of the amounts reported, as set forth below:

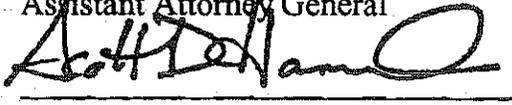
Filing Date	Tax Year	Reported Taxable Income	Reported Tax Due and Owing	Corrected Taxable Income	Additional Tax Due and Owing
3/27/05	2004	\$ 331,147	\$ 78,200	\$ 435,579	\$ 31,669
4/01/06	2005	\$ 268,479	\$ 57,108	\$ 413,934	\$ 38,858

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

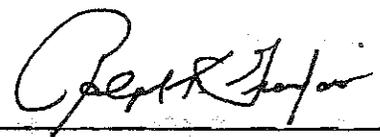
Dated: 11/18/10



CHRISTINE A. VARNEY
Assistant Attorney General



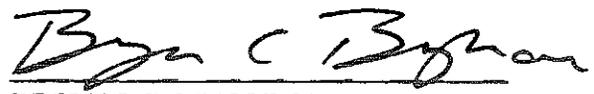
SCOTT D. HAMMOND
Deputy Assistant Attorney General



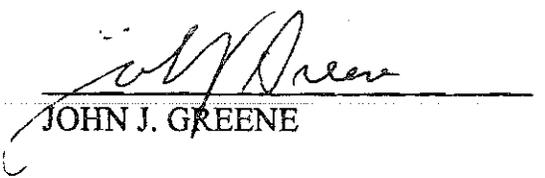
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