

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA	:	Crim. No. 04-CR 327 GLS
v.	:	Filed: 6/29/04
WATERBLOCK ROOFING and SHEETMETAL, INC.,	:	Violations: 15 U.S.C. § 1 18 U.S.C. § 371
Defendant.	:	

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PLEA AGREEMENT

The United States of America and Waterblock Roofing and Sheetmetal, Inc. (“defendant”) 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.”).

RIGHTS OF DEFENDANT

1. Defendant understands its rights:
 - (a) to be represented by an attorney;
 - (b) to be charged by Indictment;
 - (c) to plead not guilty to any criminal charges brought against it;
 - (d) to have a trial by jury, at which it would be presumed not guilty of the charges and the United States would have to prove every essential element of the charged offenses beyond a reasonable doubt for it to be found guilty;

- (e) to confront and cross-examine witnesses against it and to subpoena witnesses in its defense;
- (f) to appeal its conviction, if it is found guilty; and
- (g) to appeal the imposition of sentence against it.

AGREEMENT TO PLEAD GUILTY
AND WAIVE CERTAIN RIGHTS

2. Defendant waives the rights set out in Paragraph 1(b)-(f) above. Further, pursuant to Fed. R. Crim. P. 7(b), defendant will waive indictment and plead guilty at arraignment to a two-count Information, in the form attached, to be filed in the United States District Court for the Northern District of New York. The Information will charge the defendant with one count of violating 15 U.S.C. §1 in connection with a conspiracy to rig bids for and allocate roofing contracts awarded by the Waterford, New York plant of the General Electric Company (“GE Waterford”), the Albany Medical Center (“AMC”) and other purchasers of roofing products and services in the State of New York from sometime in 1995 until approximately May 2002 and one count of violating 18 U.S.C. §371 in connection with a conspiracy to defraud GE Waterford through the use of the United States mails from sometime in 1995 until approximately May 2002.

3. Defendant, pursuant to the terms of this Agreement, will plead guilty to the criminal charges described in Paragraph 2 above and will make a factual admission of guilt to the Court in accordance with Fed. R. Crim. P. 11.

ELEMENTS OF THE OFFENSES

4. Defendant understands that the legal elements of the offense charged in Count One of the Information, a conspiracy to rig bids and allocate contracts in violation of the Sherman Antitrust Act (15 U.S.C. § 1), are as follows:

- (a) First, that the conspiracy charged existed at or about the times stated in the Information, from sometime in 1995 until approximately May, 2002;
- (b) Second, that the defendant knowingly, that is voluntarily and intentionally, joined this conspiracy; and
- (c) Third, that the activities of the defendant and co-conspirators were within the flow of and substantially affected interstate trade and commerce.

5. Defendant understands that the legal elements of the offense charged in Count Two of the Information, a conspiracy to commit mail fraud in violation of the General Conspiracy Statute (18 U.S.C. § 371), are as follows:

- (a) First, that two or more persons entered the unlawful agreement to commit mail fraud as charged in the Information;
- (b) Second, that defendant knowingly and willfully became a member of the conspiracy; and
- (c) Third, that one of the members of the conspiracy knowingly

committed at least one of the overt acts charged in the Information to further some objective of the conspiracy.

DEFENDANT’S COOPERATION

6. Defendant will cooperate fully and truthfully with the United States in the prosecution of this case, the conduct of the current federal investigation of violations of federal antitrust and related criminal laws involving the roofing industry in the State of New York, any other federal investigation resulting therefrom, and any litigation or other proceedings arising or resulting from any such investigation to which the United States is a party (collectively referred to herein as “Federal Proceeding”). The ongoing, full, and truthful cooperation of defendant shall include, but not be limited to:

- (a) producing all documents in the possession, custody, or control of defendant, requested by attorneys and agents of the United States;
- (b) making employees available for interviews, not at the expense of the United States, upon the request of attorneys and agents of the United States;
- (c) otherwise voluntarily providing the United States with any material or information, not requested in (a) - (b) of this paragraph, that it may have that is related to any Federal Proceeding;
- (d) agreeing to bring to the attention of the United States all crimes which it has committed, and all administrative, civil, or criminal proceedings,

investigations, or prosecutions in which it is or has been a subject, target, or party; and

- (g) consenting to adjournments of sentencing pending the completion of its cooperation, as determined to be necessary by the attorneys of the United States.

7. In order to facilitate the collection of financial obligations to be imposed in connection with this prosecution, defendant agrees to fully disclose all assets in which it has any interest or over which the defendant exercises control, directly or indirectly, including those held by a nominee or other third party. Defendant will promptly submit a completed financial statement to the attorneys of the United States. Defendant promises that its financial statement and disclosures will be complete, accurate and truthful.

8. Defendant will not commit any further crime whatsoever, nor will it violate any condition of supervision imposed by the Court.

GOVERNMENT'S AGREEMENT

9. Subject to the full, truthful, and continuing cooperation of defendant, as described in Paragraphs 6 and 7 of this Agreement, the United States will not bring further criminal charges against it under 15 U.S.C. §1 or 18 U.S.C. §§371, 1341, 1343, 1346 (insofar as those statutes relate to mail fraud or to a conspiracy to commit mail fraud) for any act or offense committed before the date of this Agreement, in connection with a conspiracy to rig bids for or allocate roofing contracts in the State of New York. The nonprosecution terms of this paragraph do not apply to civil matters of any kind, to any

violation of the federal tax or securities laws, or to any “crime of violence” as defined by U.S.S.G. § 4B1.2(a).

POSSIBLE MAXIMUM SENTENCE

10. Defendant understands that pursuant to 15 U.S.C § 1 and 18 U.S.C § 3571, the maximum sentence provided by law to which it is subject for a violation of Section One of the Sherman Antitrust Act (15 U.S.C. § 1), a class E felony, is a fine of not more than the greatest of :

- (a) \$10 million;
- (b) twice the gross pecuniary gain the from the offense; or
- (c) twice the gross pecuniary loss from the offense.

11. In addition, defendant understands that:

- (a) pursuant to § 8B1.1 of the United States Sentencing Guidelines ("U.S.S.G."), the Court may order it to pay restitution to the victims of the offense;
- (b) pursuant to 18 U.S.C. § 3013(a)(2)(B) and U.S.S.G. § 8E1.1, the Court is required to order defendant to pay a \$400.00 special assessment; and
- (c) 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.

12. Defendant understands that pursuant to 18 U.S.C. § 371 and 18 U.S.C.

§ 3571, the maximum sentence provided by law to which it is subject for a violation of 18 U.S.C. § 371, a class D felony, is a fine of not more than the greatest of:

- (a) \$500,000;
- (b) twice the gross pecuniary gain the from the offense; or
- (c) twice the gross pecuniary loss from the offense.

13. In addition, defendant understands that:

- (a) pursuant to 18 U.S.C. § 3663A and § 8B1.1 of the United States Sentencing Guidelines ("U.S.S.G."), the Court shall order it to pay restitution to the victims of the offense;
- (b) pursuant to 18 U.S.C. § 3013(a)(2)(B) and U.S.S.G. § 8E1.1, the Court is required to order defendant to pay a \$400.00 special assessment; and
- (c) pursuant to 18 U.S.C. § 3561(c)(1), the Court impose a term of probation of at least one year, but not more than five years.

SENTENCING GUIDELINES

14. Defendant understands that sentencing for the offenses charged in the attached Information will be conducted pursuant to the United States Sentencing Commission Guidelines Manual (Nov. 2001) (“U.S.S.G.” or “Sentencing Guidelines”).

SENTENCING AGREEMENT

15. Pursuant to Fed. R. Crim. P. 11(c)(1)(B) and in an effort to assist the Court in its determination of the appropriate Sentencing Guidelines range, the United States and defendant agree that defendant’s adjusted offense level applicable to the charges described in Count One in the attached Information is level 13, calculated as follows:

- (a) The base offense level is 10, pursuant to U.S.S.G. § 2R1.1(a);
- (b) Increase by 1 level because the conduct involved participation in an agreement to submit noncompetitive bids, pursuant to U.S.S.G. § 2R1.1(b)(1);
- (c) Increase by 2 levels because the amount of commerce attributable to defendant was more than \$ 1,000,000, pursuant to U.S.S.G. § 2R1.1(b)(2)(B).

16. Pursuant to Fed. R. Crim. P. 11(c)(1)(B) and in an effort to assist the Court in its determination of the appropriate Sentencing Guidelines range, the United States and defendant agree that defendant’s adjusted offense level applicable to the charges described in Count Two in the attached Information is level 14, calculated as follows:

- (a) The base offense level is 6, pursuant to U.S.S.G. § 2B1.1(a);

(b) Increase by 8 levels because the loss exceeded \$ 70,000, pursuant to U.S.S.G. § 2B1.1(b)(1)(E).

17. The United States and defendant stipulate and agree that no other upward or downward adjustments under U.S.S.G. § 2B1.1 apply in determining defendant's offense level under the Sentencing Guidelines.

18. The antitrust offense does not involve substantially the same harm as the fraud offense, nor is it of the same general type as the fraud offense. Therefore, pursuant to U.S.S.G. § 3D1.2, the antitrust offense is not grouped with the fraud offense charged in Count Two.

19. The antitrust offense, with an offense level of 13, is between one and four levels less serious than the fraud offense, and thus, pursuant to U.S.S.G. § 3D1.4(a), counts as one unit. Because there are 2 units, two offense levels are added to the fraud offense level, yielding a combined offense level of 16.

20. Under U.S.S.G. § 8C2.4(a) the base fine is the greater of the amount from the fine table in § 8C2.4(d) corresponding to the combined offense level of 16 determined under § 8C2.3 or the pecuniary loss from the offense caused by the organization. The base fine from the § 8C2.4(d) fine table is \$175,000. The antitrust loss is 20% of the volume of affected commerce under § 2R1.1(d)(1). The United States and defendant stipulate that the volume of commerce affected by the antitrust conspiracy is \$1,491,742.50, and thus the antitrust loss is \$298,348.50, which includes the fraud loss of \$78,000 and is greater than the fine table amount of \$175,000. Thus, the base fine is \$298,348.50. Applying the applicable multipliers

to defendant's base fine amount, the defendant's Guideline fine range is \$238,678.80 - \$477,377.60, pursuant to §§ 8C2.5 and 8C2.6.

21. Defendant understands that the sentence to be imposed on it is within the sole discretion of the sentencing judge. The United States cannot and does not make any promises or representations as to what sentence defendant will receive. Defendant understands that, as provided in Fed. R. Crim. P. 11(c)(3)(B), if the Court does not impose a sentence consistent with the stipulations and recommendations in this Agreement, it nevertheless has no right to withdraw its guilty plea. However, the United States will inform the Court and the Probation Office of (a) this Agreement; (b) the nature and extent of defendant's activities with respect to this case and all other activities of defendant which the United States deems relevant to sentencing; and (c) the timeliness, nature, extent and significance of defendant's cooperation and its commitment to prospective cooperation with the United States. In so doing, the United States may use any information it deems relevant, including information provided by defendant both prior and subsequent to the signing of this Agreement. The United States reserves the right to make any statement to the Court or the Probation Office concerning the nature of the criminal violations charged in the attached Information, the participation of defendant therein, and any other facts or circumstances that it deems relevant. The United States also reserves the right to comment on or to correct any representation made by or on behalf of defendant, and to supply any other information that the Court may require. The United States and defendant are free to recommend or argue for any specific sentence to the Court.

22. If the United States determines that defendant has provided substantial assistance in any Federal Proceedings, and has otherwise fully complied with all of the terms of this Agreement, it will file a motion, pursuant to U.S.S.G. § 8C4.1, advising the sentencing judge of all relevant facts pertaining to that determination and requesting the Court to sentence defendant in light of the factors set forth in U.S.S.G. § 8C4.1 (b)(1)-(3). Such a motion will permit the Court, in its discretion, to impose a sentence below the applicable Sentencing Guidelines range. The United States and defendant are free to recommend or argue for any specific sentence to the Court.

23. Defendant acknowledges that the decision whether it has provided substantial assistance in any investigations or prosecutions is within the sole discretion of the United States. It is understood that should the United States determine that defendant has not provided substantial assistance in any Federal Proceeding, such a determination will release the United States from any obligation to file a motion pursuant to U.S.S.G. § 8C4.1, but will not entitle defendant to withdraw its guilty pleas once they have been entered. Defendant further understands that whether or not the United States files a motion pursuant to U.S.S.G. § 8C4.1, the sentence to be imposed on it remains within the sole discretion of the sentencing judge.

REPRESENTATION BY COUNSEL

24. Defendant has reviewed all legal and factual aspects of this case with its

attorney and is fully satisfied with its attorney's legal representation. Defendant has thoroughly reviewed this Agreement with its attorney and has received satisfactory explanations from its attorney concerning each paragraph of this Agreement and alternatives available to the defendant other than entering into this Agreement. After conferring with its attorney and considering all available alternatives, defendant has made a knowing and voluntary decision to enter into this Agreement.

VOLUNTARY PLEA

25. Defendant's decision to enter into this Agreement and to tender a plea of guilty is freely and voluntarily made and is not the result of force, threats, assurance promises, or representations other than the representations contained in this Agreement.

VIOLATION OF PLEA AGREEMENT

26. Defendant agrees that should it fail in any way to fulfill any of the obligations set out in this Agreement, the United States will be released from its obligations, and defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, the substantive offenses relating to the investigation resulting in this Agreement. Defendant agrees that, in the event that the United States is released from its obligations under this Agreement and brings criminal charges against defendant for any Relevant Offense, the statute of limitations period for such offense will be tolled for the period between the date of the signing of this Agreement and six (6) months after the date the United States gave notice of its intent to void its obligations under this Agreement.

ENTIRETY OF AGREEMENT

27. This Agreement constitutes the entire agreement between the United States and defendant concerning the disposition of the criminal charges in this case. The United States has made no other promises to or agreements with defendant. This Agreement cannot be modified except in a writing signed by the United States and defendant.

28. The undersigned is authorized to enter this Plea Agreement on behalf of the defendant as evidenced by the Resolution of the Board of Directors of the defendant attached to, and incorporated by reference in, this Plea Agreement.

29. 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: June 29, 2004

Dated: June 29, 2004

/s/ _____
WALTER VIVENZIO, President
WATERBLOCK ROOFING and
SHEETMETAL, INC.

/s/ _____
MELVIN LUBLINSKI

/s/ _____
RICHARD P. WALSH, JR., ESQ.
Counsel for Waterblock Roofing and
Sheetmetal, Inc.

/s/ _____
EDWARD FRIEDMAN

/s/ _____
KEVIN B. HART

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