

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA : **INFORMATION**
- against - : 02 Cr. 340 (D.C.)
IVAN GLICK, : Date: 3/28/02
Defendant. :

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COUNT ONE
(Conspiracy)

The United States, acting through its attorneys,
charges:

Background

1. At all times relevant to this Information, IVAN GLICK, the defendant, was an independent sales agent in the business of selling commercial printing and related services. Beginning in or about January 1993, GLICK primarily represented one company ("Printing Company-1"), which was headquartered in New York, New York and provided an office there for GLICK. GLICK received commissions from Printing Company-1 that were based on the value of the contracts that GLICK obtained for Printing Company-1. Pursuant to GLICK's instructions, Printing Company-1 paid those commissions to New Horizons Litho, a company owned and controlled by GLICK. In addition, GLICK occasionally obtained contracts for commercial printing and related services in the

name of New Horizons Litho, which he then arranged to have produced by companies other than Printing Company-1.

2. From at least in or about 1985 through in or about 2001, a co-conspirator not named as a defendant herein ("CC-1") was a purchasing agent for Brouillard Communications, Inc. ("Brouillard"), an advertising agency. CC-1 was responsible, along with others, for determining which suppliers of commercial printing and related services would be awarded contracts by Brouillard. From time to time between in or about 1992 or 1993 and in or about 2000, IVAN GLICK, the defendant, and CC-1 arranged for Printing Company-1 and other suppliers GLICK enlisted to participate in the scheme described herein (collectively, the "GLICK Suppliers") to receive contracts for commercial printing and related services from Brouillard.

3. From in or about 1992 through in or about 1995, a co-conspirator not named as a defendant herein ("CC-2") was a purchasing agent for an advertising agency known, at various times, as Deltakos Advertising or JWT Healthcare ("Deltakos"). CC-2 was responsible, along with others, for determining which suppliers of printing and related services would be awarded contracts by Deltakos. From time to time between in or about 1993 and in or about 1995, IVAN GLICK, the defendant, and CC-2 arranged for certain of the GLICK suppliers to receive contracts for commercial printing and related services from Deltakos.

4. In or about 1995, CC-2 left Deltakos and became a

purchasing agent at Impact Communications, Inc. ("Impact"), an advertising agency. CC-2 was responsible for determining which suppliers of commercial printing and related services would be awarded contracts by Impact. From time to time between in or about 1995 and in or about 2000, IVAN GLICK, the defendant, and CC-2 arranged for certain of the GLICK Suppliers to receive contracts for commercial printing and related services from Impact.

The Scheme to Defraud Brouillard

5. In or about 1992 or 1993, IVAN GLICK, the defendant, and CC-1 agreed that GLICK would pay cash kickbacks to CC-1 in return for CC-1's agreement to cause Brouillard to award contracts for commercial printing and related services to the GLICK Suppliers.

6. From in or about 1992 or 1993 through in or about February 2000, IVAN GLICK, the defendant, paid cash kickbacks to CC-1 equal to a percentage of the sales by GLICK to Brouillard.

7. At all times relevant to this Information, it was a violation of Brouillard's conflict-of-interest policy for a purchasing agent to accept payments or kickbacks in return for hiring outside suppliers. Purchasing agents were required to obtain the services of outside suppliers at the best price available for the work required. The cash kickbacks were not disclosed to or approved by Brouillard.

The Scheme to Defraud Deltakos and Impact

8. In or about 1993, IVAN GLICK, the defendant, and CC-2 agreed that GLICK would pay cash kickbacks to CC-2 in return for CC-2's agreement to cause Deltakos to award contracts for commercial printing and related services to the GLICK Suppliers. CC-2 and GLICK further agreed that the money that CC-2 would receive would be generated by fraudulently inflating the prices of the contracts CC-2 awarded to the GLICK Suppliers. Soon after in or about 1995, when CC-2 became employed at Impact, GLICK and CC-2 agreed to continue their scheme and to generate money for cash kickbacks to CC-2 by fraudulently inflating the prices of contracts Impact awarded to the GLICK Suppliers.

9. Between in or about 1993 and in or about 1995, while CC-2 was a purchasing agent at Deltakos, IVAN GLICK, the defendant, paid numerous cash kickbacks to CC-2. In addition, between in or about 1995 and in or about February 2000, while CC-2 was a purchasing agent at Impact, GLICK also paid kickbacks to CC-2.

10. IVAN GLICK, the defendant, and CC-2 typically determined the amount of the kickbacks as follows: GLICK first obtained true cost estimates from one or more of the GLICK Suppliers. Based on these true cost estimates, GLICK then orally quoted to CC-2 a price that included the cost of the job (including the internal markup of the GLICK Supplier) as well as

a commission, usually 15%, for GLICK. CC-2 then told GLICK the price at which the contract would be awarded by Deltakos or Impact to one or more of the GLICK Suppliers -- a price that was substantially in excess of GLICK's oral quotation. Thereafter, CC-2 caused Deltakos or Impact to issue a purchase order to the GLICK Supplier that had been awarded the contract. The purchase order reflected the fraudulently inflated price that CC-2 had given to GLICK.

11. For certain contracts that CC-2 was responsible for awarding on behalf of Impact, CC-2 was required to award the contract based on competitive bidding. In order to make it appear that the contracts awarded to the GLICK Suppliers had been awarded in compliance with a competitive bidding policy, IVAN GLICK, the defendant, and CC-2 further agreed that GLICK would obtain inflated written price quotations and bids from multiple sources, including Printing Company-1, New Horizons Litho, and other suppliers. CC-2 often specified which suppliers (other than the supplier to which he planned to award Impact's contract) should submit the losing written price quotations or bids on a particular contract and the prices those suppliers should quote. GLICK then communicated with suppliers to obtain the quotations and bids CC-2 had requested. In addition, GLICK himself sometimes prepared quotations and bids in the name of a supplier the owner of which had provided stationery to GLICK for this purpose.

12. For each contract awarded by CC-2 that had been fraudulently inflated to facilitate the payment of a cash kickback to CC-2 by IVAN GLICK, the defendant, GLICK caused the supplier that had performed the contract to receive an invoice from one of a number of shell companies (i.e. companies whose main function was to provide cash and false invoices for a fee, without providing other goods or services) in the amount of the difference between the true cost of the job and the price at which the job had been awarded (the "overcharge"). The shell companies providing these invoices, which were controlled by co-conspirators including Martin Schwartz, a co-conspirator not named as a defendant herein, in fact provided no goods or services to the supplier, but their invoices falsely represented that the invoices related to goods or services provided to the supplier by the shell company. The supplier issued a check to the shell company, and the owner of the shell company then returned a substantial part of the face value of the check, usually approximately 93%, to GLICK in cash.

13. IVAN GLICK, the defendant, gave a portion of the cash he received from the owner of the applicable shell company to CC-2 as a cash kickback. GLICK retained the remainder of the cash as his commission for obtaining the contract for the particular GLICK Supplier and as his fee for obtaining the cash. GLICK did not report this retained cash as income on his personal tax returns.

Statutory Allegations

14. From in or about 1992 until in or about February 2000, in the Southern District of New York and elsewhere, IVAN GLICK, the defendant, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to defraud the United States of America and an agency thereof, to wit, the Internal Revenue Service ("IRS") of the United States Department of the Treasury, and to commit offenses against the United States of America, to wit, to violate Title 18, United States Code, Sections 1341 and 1346, and Title 26, United States Code, Section 7201.

Objects of the Conspiracy

15. It was a part and an object of the conspiracy that IVAN GLICK, the defendant, and others known and unknown, unlawfully, willfully, and knowingly would and did defraud the United States of America and the IRS by impeding, impairing, defeating and obstructing the lawful governmental functions of the IRS in the ascertainment, computation, assessment, and collection of income taxes due and owing from GLICK, CC-1, CC-2, and others.

16. It was further a part and an object of the conspiracy that IVAN GLICK, the defendant, and others known and unknown, having devised and intending to devise a scheme and artifice to defraud, including a scheme to deprive Brouillard of

the intangible right of honest services of CC-1 and Deltakos and Impact of the intangible right of honest services of CC-2, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, unlawfully, willfully, and knowingly, for the purpose of executing such scheme and artifice, would and did place in post offices and authorized depositories for mail matter, matters and things to be sent and delivered by the Postal Service, and deposit and cause to be deposited matters and things to be sent and 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, and 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.

17. It was further a part and an object of the conspiracy that IVAN GLICK, the defendant, and others known and unknown, unlawfully, willfully and knowingly would and did attempt to evade and defeat a substantial part of the income taxes due and owing by IVAN GLICK, the defendant, CC-1, and CC-2, in violation of Title 26, United States Code, Section 7201.

Means and Methods of the Conspiracy

18. Among the means and methods by which IVAN GLICK,

the defendant, would and did carry out the conspiracy were the following:

a. GLICK agreed to pay, and in fact paid, substantial kickbacks to CC-1 and CC-2 in order to obtain contracts from Brouillard, Deltakos, and Impact for the GLICK Suppliers.

b. GLICK agreed to pay, and in fact paid, the aforementioned kickbacks in cash, facilitating CC-1's and CC-2's respective abilities to avoid reporting the kickback income on their personal tax returns.

c. GLICK agreed to cause, and in fact caused, the GLICK Suppliers to include the overcharge requested by CC-2 in their price quotations or bids to Deltakos and Impact so that GLICK could pay a cash kickback to CC-2 out of the overcharge.

d. GLICK agreed to cause, and in fact caused, suppliers to submit inflated written price quotations and bids to Impact in order to make it appear that the prices at which CC-2 awarded the contracts to the GLICK Suppliers were determined in accordance with Impact's competitive bidding policy.

e. GLICK agreed to cause, and in fact caused, false invoices in the names of certain shell companies to be sent to the GLICK Suppliers. These false invoices requested payment for goods and services purportedly provided by the

shell companies to the GLICK Suppliers, which goods and services had not in fact been provided.

f. GLICK agreed to arrange, in fact arranged, for the payment of commissions to the owners of the aforementioned shell companies in return for providing false invoices to the GLICK Suppliers and cash to GLICK normally equal to approximately 93% of the total amount of the false invoice.

Overt Acts

19. In furtherance of the conspiracy and to effect the illegal objects thereof, IVAN GLICK, the defendant, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about January 7, 1999, in New York, New York, GLICK delivered to CC-2 approximately \$11,425 in cash that GLICK obtained from Martin Schwartz, a co-conspirator not named as a defendant herein, the owner of a shell company.

b. On or about January 14, 1999, in New York, New York, GLICK delivered to CC-2 approximately \$13,500 in cash that GLICK obtained from Martin Schwartz, a co-conspirator not named as a defendant herein, the owner of a shell company.

c. On or about January 21, 1999, in New York,

New York, GLICK delivered to CC-2 approximately \$4,150 in cash that GLICK obtained from Martin Schwartz, a co-conspirator not named as a defendant herein, the owner of a shell company.

d. On or about August 4, 1999, a GLICK Supplier mailed to CC-2 an invoice for \$3,879, of which approximately \$1,044 represented the overcharge.

e. On or about August 31, 1999, in New York, New York, GLICK delivered to CC-1 approximately \$2,557 in cash that GLICK obtained from Martin Schwartz, a co-conspirator not named as a defendant herein, the owner of a shell company.

f. In or about September 1999, in New York, New York, GLICK delivered to CC-1 approximately \$10,922 in cash that GLICK obtained from Martin Schwartz, a co-conspirator not named as a defendant herein, the owner of a shell company.

g. On or about October 28, 1999, a GLICK Supplier mailed to CC-2 an invoice for \$4,321, of which approximately \$1,566 represented the overcharge.

h. On or about November 30, 1999, in New York, New York, GLICK delivered to CC-1 approximately \$3,946 in cash that GLICK obtained from Martin Schwartz, a co-conspirator not named as a defendant herein, the owner of a shell company.

i. On numerous occasions during the period of the conspiracy, GLICK caused Printing Company-1 to mail invoices to Brouillard for work that he obtained for Printing Company-1 pursuant to his kickback arrangement with CC-1.

j. On or about February 24, 2000, a GLICK Supplier mailed to CC-2 an invoice for \$2,774, of which approximately \$877 represented a fraudulent overcharge.

k. On or about April 12, 2000, CC-1 subscribed to and filed a Form 1040 personal income tax return for tax year 1999, which omitted to include as income any cash received from GLICK.

(Title 18, United States Code, Section 371.)

COUNT TWO
(Income Tax Evasion)

The United States, acting through its attorneys, further charges:

20. The allegations set forth in paragraphs 1-13 and 18 are repeated and realleged as if fully set forth herein.

21. From on or about January 1 of the calendar years 1995 through in or about 1998, through on or about the filing date for each said calendar year, in the Southern District of New York and elsewhere, IVAN GLICK, the defendant, unlawfully, willfully, and knowingly did attempt to evade and defeat a substantial part of the income tax due and owing by him and his

spouse to the United States of America for each said calendar year by various means, including by preparing and causing to be prepared, signing and causing to be signed, and filing and causing to be filed with the IRS, false and fraudulent United States Individual Income tax returns, Forms 1040, for the calendar years 1995 through 1998, wherein IVAN GLICK failed to report cash income, to wit, cash commissions which he received and retained in connection with sales of commercial printing and related services to Deltakos and Impact and in connection with his procurement of phony invoices and cash from owners of shell companies, whereas IVAN GLICK then and there well knew and believed that the correct taxable income and correct tax due and owing for said calendar years was substantially in excess of that reported.

(Title 26, United States Code, Section 7201.)

COUNT THREE
(Sherman Act Conspiracy in Restraint of Trade)

The United States, acting through its attorneys, further charges:

22. The factual allegations of paragraphs 1, 3-4, 8-13, and 18 are repeated and realleged as if fully set forth herein.

23. Various persons and firms, not named as defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance

thereof. They included CC-2 and certain of the GLICK suppliers.

Description of the Offense

24. Beginning some time in approximately 1995 and continuing until approximately February 2000, IVAN GLICK, the defendant, and co-conspirators engaged in a combination and conspiracy in unreasonable restraint of trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

25. This combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among IVAN GLICK, the defendant, and co-conspirators, the substantial terms of which were to rig bids and to allocate contracts for the supply of commercial printing and related services awarded by Impact, an advertising company located in New York, New York.

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

a. As described above in paragraphs 10 and 11, they determined which company, among Printing Company-1, New Horizons Litho, and other GLICK Suppliers, would be the low bidder on contracts for commercial printing and related services awarded by Impact and the price at which each of those contracts would be awarded.

b. They agreed that suppliers that had not been

designated to be the low bidder on particular contracts would submit higher, noncompetitive price quotations or bids ("cover bids") to Impact to make it appear that there had been competition for those contracts when, in fact, there had not. On many occasions, GLICK obtained letterhead stationery from another supplier and submitted cover bids in the name of that supplier. On other occasions, at GLICK's instruction, suppliers submitted cover bids directly to Impact.

c. GLICK paid money to CC-2 for his assistance in controlling Impact's program for seeking competitive bids for contracts for commercial printing and related services, and for ensuring that no potential competitors who were not co-conspirators would be invited to bid on such contracts.

Trade and Commerce

30. During the period covered by this Count, as a result of the conspiracy charged herein, Impact purchased substantial quantities of commercial printing and related services from suppliers located in states other than the State of New York or from suppliers in the State of New York who purchased materials needed to complete the commercial printing and related contracts from sources outside of the State of New York.

31. During the period covered by this Count, as a result of the conspiracy charged herein, Impact awarded contracts

for commercial printing and related services worth a total of approximately \$3.5 million to the GLICK Suppliers.

32. During the period covered by this Count, pursuant to the conspiracy charged herein, the activities of IVAN GLICK, the defendant, and co-conspirators with respect to the sale of commercial printing and related services were within the flow of, and substantially affected, interstate trade and commerce.

Jurisdiction and Venue

33. 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.

(Title 15, United States Code, Section 1.)

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