



Department of Justice

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SECOND NEW JERSEY PIPE SUPPLY COMPANY AND ITS OWNER PLEAD GUILTY TO FRAUD AND BRIBERY CONSPIRACY IN POWER GENERATION INDUSTRY

Owner Also Pleads Guilty to Obstruction

WASHINGTON — A second New Jersey industrial pipe supply company and its owner pleaded guilty today to participating in a conspiracy to commit fraud and pay bribes to a purchasing manager at Consolidated Edison of New York (Con Edison) in return for the manager's efforts to steer contracts to the company, the Department of Justice announced today. The owner also pleaded guilty to obstructing the department's investigation into fraudulent conduct in the power generation industry.

A two-count charge was filed today in U.S. District in Manhattan against Bernard Grobart of New York City and his company, Teneyck Inc., formerly known as Neill Supply Co. Inc. of Lyndhurst, N.J. Grobart and Teneyck pleaded guilty today to participating in a conspiracy to defraud Con Edison. Grobart also pleaded guilty to an obstruction count for instructing a subordinate employee at the company to delete a subpoenaed electronic document. Grobart and Teneyck are scheduled to be sentenced on June 24, 2011.

According to the charge, Grobart and Robert D. Rosenberg, a former sales broker for Neill Supply, paid approximately \$297,000 in cash bribes to James M. Woodason, a department manager of the purchasing department at Con Edison. In return, Woodason steered Con Edison industrial pipe supply contracts to Neill Supply by secretly providing Rosenberg with confidential competitor bid information, thereby causing Con Edison to pay higher, non-competitive prices for materials. The department said the conspiracy took place from approximately November 2003 through approximately August 2008. According to the court document, Grobart also directed an employee of Neill Supply to destroy an electronic document that tallied the bribe payments in order to prevent the production of the document to a federal grand jury.

Con Edison is a regulated utility headquartered in Manhattan. It provides electric service to approximately 3.2 million customers and gas service to approximately 1.1 million customers in New York City and Westchester County, N.Y. Con Edison received more than \$10,000 in federal funding each year between 2003 through 2010.

Grobart and Teneyck are charged with conspiracy, which carries a maximum fine of \$500,000 for companies, and a maximum penalty of five years in prison and a \$250,000 fine for

individuals. Each of the maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. Grobart is also charged with obstruction, which carries a maximum penalty of 20 years in prison and a \$250,000 fine.

Today's pleas arise from an ongoing federal investigation of bid rigging, bribery, fraud and tax-related offenses in the power generation industry. On Nov. 19, 2010, Woodason pleaded guilty to charges that he accepted and agreed to accept bribes from Grobart and Neill Supply, and American Pipe Bending and Fabrication Co. Inc. and its owner, Andrew Martingano. Rosenberg pleaded guilty on Dec. 2, 2010, for his role in the Neill Supply conspiracy. Martingano and American Pipe pleaded guilty on March 14, 2011, to a one-count felony charge for paying and agreeing to pay Woodason \$510,000 in bribes in exchange for which Woodason steered an industrial pipe supply contract to American Pipe. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the FBI's New York Division and the Internal Revenue Service-Criminal Investigation. Con Edison cooperated with the department's investigation.

Anyone with information concerning bid rigging, bribery, tax offenses or fraud in the power generation industry should contact the Antitrust Division's New York Field Office at 212-264-9308, visit www.justice.gov/atr/contact/newcase.htm or contact the FBI's New York Division at 212-384-3252.

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