



Department of Justice

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Virginia Executive Agrees to Plead Guilty to Bid Rigging on Contracts with the U.S. Navy and Others and to Conspiring to Bribe a New York City Government Employee

WASHINGTON — The former president of a Clearbrook, Va. marine products company agreed to plead guilty for his participation in two separate conspiracies to rig bids and allocate customers with respect to marine products purchased by the U.S. Navy, the U.S. Coast Guard, and other public and private entities. The executive, Robert Taylor, was also charged for his role in a conspiracy to bribe an employee of the City of New York to win orders for marine products. Taylor has agreed to serve 30 months in prison and pay a \$100,000 criminal fine.

Under the plea agreement, which is subject to court approval, Taylor has agreed to cooperate with the Department's ongoing investigation in the marine products industry. He is the second executive to agree to plead guilty in that ongoing investigation. "Today's charges emphasize our commitment to safeguarding competitive contracts for the U.S. military," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "We will continue to pursue bid-rigging schemes that threaten the competitive process."

According to the three-count felony charge filed today in the U.S. District Court in Norfolk, Va., Taylor participated in a conspiracy between June 2000 and August 2005 to allocate customers and rig bids for contracts of marine foam-filled fenders and buoys. Taylor also participated in a separate conspiracy between December 2000 and May 2003 to allocate customers and rig bids for contracts of plastic marine pilings. In both conspiracies, the conspirators discussed and agreed among themselves which of them would win contracts from the Department of Defense (DOD), the Department of Homeland Security and other federal agencies.

"DOD contractors who engage in illegal bid-rigging and price-fixing schemes are wasting DOD resources and compromising the safety of DOD's most valuable assets," said Geoffrey A. Cherrington, Special Agent in Charge of the DOD's Defense Criminal Investigative Service

(DCIS) in Arlington, Va. "DCIS will persist in its vigilance until this kind of criminal activity is fully prosecuted."

Taylor was also charged for his role in a conspiracy to bribe an employee of the City of New York, which took place between January 2000 and December 2002. The Department said that the objective of the conspiracy was to ensure that Taylor's company received work on a city project to reconstruct Pier 86 in Manhattan. In that conspiracy, Taylor's firm added a "special commission" of 10 percent on purchase orders worth more than \$400,000 for work done on the Pier 86 project. The conspirators funneled the special commission to the New York City government employee to influence him in directing orders for plastic marine pilings to Taylor's company, the Department said.

Foam-filled marine fenders are used as a cushion between ships and fixed structures, such as docks, piers, or other ships. Foam-filled buoys are used in a variety of applications, including use as channel markers and navigational aids. Plastic marine pilings are substitutes for traditional wood timber pilings and are often used in port and pier construction projects with foam-filled fenders.

Gerald Thermos, one of Taylor's co-conspirators and president of a California marine products company, pleaded guilty in September 2005 to one count of conspiracy to allocate customers and rig bids for contracts of marine foam-filled fenders and buoys from June 2000 to August 2005.

The bid-rigging charges, violations of the Sherman Act, carry maximum penalties for each count of 10 years in prison, three years of supervised release, and a \$1 million fine for an individual. The conspiracy charge carries a maximum penalty of five years in prison, three years of supervised release, and a \$250,000 fine for an individual. The maximum fine on each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section with the assistance of the DOD's DCIS and the Naval Criminal Investigative Service of the U.S. Navy. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs. As part of this initiative, the Deputy Attorney General has created the National Procurement Fraud Task Force.

Anyone with information concerning bid rigging or other anti-competitive conduct regarding marine fenders, plastic marine pilings, or related products should call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the DOD's Arlington Resident Agency of the DCIS at 703-604-8439.

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