



Department of Justice

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FORMER PRESIDENT OF FLORIDA FREIGHT FORWARDING COMPANY PLEADS GUILTY TO WIRE FRAUD IN MILITARY RESTRAINTS INVESTIGATION

WASHINGTON — The former president of a licensed freight forwarding company in Florida pleaded guilty to committing wire fraud in connection with kickbacks he paid to an employee of a manufacturing firm, the Department of Justice announced today.

Frank Granizo pleaded guilty to a one count information charging him with honest services wire fraud in the U.S. District Court in Islip, N.Y. Under the plea agreement, Granizo agreed to plead guilty and cooperate with the Department's ongoing investigation. Granizo participated in a wire fraud scheme from May 2001 through Jan. 2005, during which time he paid the executive of the manufacturing company approximately \$28,000 in kickbacks. In return, the employee of the manufacturing company agreed to use Granizo's company for its freight forwarding services to transport equipment, including equipment for the U.S. military.

"Today we have filed our ninth case in this ongoing investigation, underscoring the Division's commitment to protecting the integrity of the competitive bidding process," said Thomas O. Barnett, Assistant Attorney General in charge of the Antitrust Division.

In March 2008, Peck & Hale LLC (Peck & Hale), a defense firm, located in West Sayville, N.Y., pleaded guilty to two counts of bid rigging. Three Peck & Hale employees have pleaded guilty in this investigation. In May 2008, Wilson Freire, former government contracts manager, pleaded guilty to one count of bid-rigging and one count of conspiracy to accept kickbacks. In April 2008, Ransom Soper, a former sales employee pleaded guilty to one count of bid rigging and one count of conspiracy to commit wire fraud. In July 2007, former sales director, Robert Fischetti, pleaded guilty to two counts of bid-rigging; Fischetti also pleaded guilty to a third count of soliciting and accepting a kickback from another lower-tiered sub-contractor in return for favorable treatment in the award of subcontracts for finishing work on products supplied to the U.S. Department of Defense (DOD).

In Feb. 2007, Thomas Cunningham and Richard Barko, two Pennsylvania executives from another company, pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies. In Sept. 2007, Roger Jacobi, the owner and president of Jacobi Industries Inc., also pleaded guilty to one count of bid-rigging. In Nov. 2007 Certified Slings & Supply Inc., a Florida defense firm, pleaded guilty to one count of bid rigging.

Granizo pleaded guilty to wire fraud, which carries a maximum sentence of 20 years of imprisonment and a maximum fine of \$250,000. The maximum fine 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.

Today's charges are an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in Oct. 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.

"The American taxpayer expects DOD and the DOD Office of the Inspector General to be champions of fiscal accountability and acquisition integrity. Those who participate in corrupt procurement practices erode that public confidence and deny full support to our soldiers, sailors, airmen and marines. These continuing charges evidence the commitment of the DOD Defense Criminal Investigative Service (DCIS) to vigorously investigate these fraudulent procurement practices," said Sharon Woods, the Director of DCIS.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section with the assistance of the DOD's Defense Criminal Investigative Service of the Department of Justice. Anyone with information concerning bid rigging, wire fraud or other anti-competitive conduct regarding DOD contracts is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Long Island Office of the Defense Criminal Investigative Service at 631-420-4302.

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