



# Department of Justice

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## **CENTRAL FLORIDA CORPORATION PLEADS GUILTY TO BID RIGGING ON U.S. NAVY CONTRACTS**

WASHINGTON — A central Florida metal sling manufacturer pleaded guilty and agreed to pay a \$150,000 criminal fine today for its role in a conspiracy to rig bids on U.S. Navy contracts for metal sling hoist assemblies, used to transport items such as bombs and other munitions, the U.S. Department of Justice announced.

Certified Slings Inc., a manufacturer of slings for commercial and military use headquartered in Casselberry, Fla., pleaded guilty in the U.S. District Court in Islip, N.Y., to a felony charge of bid-rigging. Under the terms of the plea agreement, Certified Slings has also agreed to cooperate with the Department's ongoing investigation.

A metal sling hoist assembly is a wire rope basket-type sling that is used by military to move ordnance and other materiel. For example, the Navy uses metal sling hoist assemblies on board aircraft carriers to transport missiles or bombs from storage areas to planes or helicopters.

According to the charge, Certified Slings participated in a conspiracy between December 2002 and October 2003 to rig bids for U.S. Navy contracts for metal sling hoist assemblies. The conspirators discussed and agreed among themselves which of them would win contracts from the U.S. Navy.

"Today's case is the fifth to arise from an ongoing investigation into the military restraints industry," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "We will continue to apprehend and prosecute those who deprive the U.S. military of the benefits of competitive contracts and divert taxpayer funds."

Certified Slings is charged with carrying out the conspiracy with co-conspirators by:

- Attending meetings and engaging in discussions regarding the sale of metal sling hoist assemblies to the U.S. Navy;
- Agreeing during those meetings and discussions not to compete on certain contracts with the U.S. Navy either by not submitting prices or bids on those contracts, by alternating winning bids on those contracts, or by submitting intentionally high prices or bids on those contracts;
- Discussing and exchanging prices on certain contracts so as not to undercut one another's prices;

- Submitting bids in accordance with the agreements reached;
- Selling metal sling hoist assemblies to the U.S. Navy under agreements at collusive and non-competitive prices; and
- Accepting payment for metal sling hoist assemblies sold at the collusive and non-competitive prices.

Certified Slings is charged with bid rigging in violation of the Sherman Act, which, at the time of the offense, carried a maximum penalty of a \$10 million for corporations. 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.

Four previous cases stemming from the investigation have been filed in 2007. In February, two Pennsylvania executives, Thomas Cunningham and Richard Barko, pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies, and are currently awaiting sentencing. In July, the former sales director of a Long Island, N.Y., company, Robert Fischetti, pleaded guilty to two counts of participating in separate conspiracies to rig bids on military tiedown equipment and cargo securing systems sold to the Department of Defense (DOD) and metal sling hoist assemblies sold to the U.S. Navy. Fischetti also pleaded guilty to a third count of soliciting and accepting a kickback in connection with one or more subcontracts to paint, silkscreen, or otherwise finish various parts manufactured and sold to DOD. In September, Roger Jacobi, the president of a Medford, N.Y., company was charged with conspiring to rig bids on DOD contracts for military tiedown equipment and cargo securing systems.

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.

Today's charge is 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 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.

Anyone with information concerning bid rigging or other anti-competitive conduct regarding contracts for metal sling hoist assemblies, military tiedown equipment and cargo securing systems, or related products 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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