



# Department of Justice

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## **LONG ISLAND, N.Y. DEFENSE FIRM PLEADS GUILTY TO BID RIGGING ON DEPARTMENT OF DEFENSE CONTRACTS**

WASHINGTON — A Long Island, N.Y. defense firm pleaded guilty and has agreed to pay a \$275,000 criminal fine for its role in a conspiracy to rig bids on U.S. Department of Defense (DOD) contracts for military tiedown equipment and cargo securing systems, the Department of Justice announced today.

Peck & Hale LLC pleaded guilty in the U.S. District Court in Islip, N.Y. to a two-count felony charge of bid rigging. Along with paying a criminal fine of \$275,000, Peck & Hale has agreed to cooperate with the Department's ongoing investigation. The terms of the plea agreement are subject to court approval.

Military tiedown equipment and cargo securing systems are used to secure vehicles, aircraft, munitions, shipping containers, and other specialized military cargo requirements for land, sea and air transportation.

Peck & Hale participated in two conspiracies to rig bids on DOD contracts for tiedown equipment and cargo securing systems. From December 2002 through January 2004, Peck & Hale conspired to rig bids on contracts for metal sling hoist assemblies sold to the U.S. Navy. From November 2001 through January 2005, Peck & Hale engaged in a separate agreement to rig bids on six different types of tiedown equipment and cargo securing systems used by the military to secure cargo, including munitions, on vehicles, vessels and aircraft in transit.

"The Antitrust Division will vigorously prosecute those who steal taxpayer dollars by depriving the U.S. military of the benefits of competitive contracts, especially during wartime," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

Peck & Hale is charged with carrying out each of the two bid-rigging conspiracies with co-conspirators by:

- Attending meetings and engaging in discussions regarding the sale of military tiedown equipment and cargo securing systems;
- Agreeing during those meetings and discussions not to compete on certain contracts with the Department of Defense 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 military tiedown equipment and cargo securing systems to the Department of Defense pursuant to those agreements at collusive and non-competitive prices; and
- Accepting payment for military tiedown equipment and cargo securing systems sold at the collusive and non-competitive prices.

Peck & Hale is charged with two counts of bid rigging in violation of the Sherman Act which carries a maximum fine of \$10 million for corporations for violations occurring before June 22, 2004, and \$100 million for corporations for violations after that date. 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.

This case is the sixth to arise from an ongoing investigation into the military restraints industry. In November 2007, Certified Slings Inc., a Florida company, was charged with one count of rigging bids on U.S. Navy contracts for metal sling hoist assemblies and agreed to pay a \$150,000 fine. In September 2007, 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. In July 2007, the former sales director of Peck & Hale was charged with conspiring to rig bids on, and soliciting and accepting a kickback in connection with, the same investigation. In February 2007, two Pennsylvania executives pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies, and are currently awaiting sentencing.

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 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 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 military tiedown equipment, metal sling hoist assemblies, or cargo securing systems 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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