



United States Attorney's Office District of Connecticut Press Release

February 23,
2007

CONTROLLER FOR CONNECTICUT TRASH HAULING COMPANIES PLEADS GUILTY TO CONSPIRING TO COMMIT TAX FRAUD AND WIRE FRAUD

Kevin J. O'Connor, United States Attorney for the District of Connecticut, announced that RONALD ZOLLO, age 48, of 41 Tower Drive, Highland Mills, New York, pleaded guilty today before Senior United States District Judge Ellen Bree Burns in New Haven to one count of conspiring to defraud the Internal Revenue Service and one count of conspiring to commit wire fraud related to the filing of false salary cap reports with the United Hockey League.

ZOLLO is employed as the controller for a number of companies, including *Automated Waste Disposal* (AWD), *Diversified Waste Disposal* (DWD), *Superior Waste Disposal* (SWD) and *Transfer Systems, Inc.* (TSI). As controller, ZOLLO's duties included management of the financial operations of the companies and oversight of the payroll and accounting functions.

According to documents filed with the Court and statements made in court, ZOLLO and other co-conspirators operated a multiple object scheme to defraud the I.R.S. In part, this scheme involved the preparation of false and fraudulent expense checks that were paid to a co-conspirator. ZOLLO directed his staff to prepare these checks and then signed the checks. Further, these monies were deducted as business expenses on corporate tax returns that were signed by ZOLLO. Additionally, ZOLLO knew that a number of no-show employees were paid by trash hauling companies and that the expenses related to these employees, including their salaries, health care costs, expenses associated with the use of free cars, were improperly deducted on the corporate tax returns he signed.

With respect to the wire fraud conspiracy charge, in 2004, the *Danbury Trashers* were a minor league hockey team associated with the United Hockey League. In pleading guilty, ZOLLO admitted that he helped the team circumvent the United Hockey League's \$275,000 annual salary cap. ZOLLO admitted that he placed either hockey players or their wives on the payroll of various trash companies as no-show employees and personally delivered the paychecks to the players for their no-show jobs. ZOLLO also facilitated certain players receiving additional unreported compensation in the form of double housing allowance payments. With these supplemented salaries, the Trashers total payroll for the 2004-2005 season was approximately \$750,000, exceeding the salary cap by approximately \$475,000. Further, in July 2004, ZOLLO wrote a letter on AWD letterhead stating that the wife of a *Trashers* player had a three-year employment contract with AWD as an assistant sales manager when, in fact, she never worked for AWD.

On June 8, 2006, a federal grand jury in New Haven returned an Indictment charging ZOLLO, 28 additional individuals and 10 businesses, including *Automated Waste Disposal*, on various charges stemming from a long-term investigation into the

waste-hauling industry in Connecticut and eastern New York. Today, ZOLLO pleaded guilty to Counts 56 and 62 of the Indictment.

As to AWD and the other individual and corporate defendants in this matter whose cases are still pending, U.S. Attorney O'Connor stressed that an indictment is only a charge and is not evidence of guilt. Each defendant is entitled to a fair trial at which it is the Government's burden to prove guilt beyond a reasonable doubt.

Judge Burns has scheduled sentencing for May 10, 2007, at which time ZOLLO faces a maximum term of imprisonment of 25 years and a fine of up to \$500,000.

This matter is being investigated by the Federal Bureau of Investigation, the Internal Revenue Service – Criminal Investigation, the United States Department of Labor, Office of Labor Racketeering and Fraud Investigations and the Connecticut State Police. Assistant United States Attorneys Michael J. Gustafson, Raymond F. Miller, and Henry K. Kopel are prosecuting this case.

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