



# Department of Justice

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## **FORMER MANHATTAN-BASED ODYSSEY HOUSE PRESIDENT INDICTED ON CONSPIRACY AND TAX CHARGES**

WASHINGTON, D.C. -- A Manhattan federal grand jury today indicted the former president and CEO of Odyssey House Inc.--a Manhattan-based not-for-profit substance abuse treatment organization--on conspiracy and tax charges in connection with his participation in an embezzlement scheme against the organization, the Department of Justice announced.

The indictment, which was filed in U.S. District Court in Manhattan, charges Benjamin Walker, Jr., a resident of Poughkeepsie, New York, with one count of conspiring to commit mail fraud from 1994 until April 1998, one count of conspiring to defraud the Internal Revenue Service between 1994 and April 1999, and three counts of subscribing to false income tax returns.

"Today's charges demonstrate the Antitrust Division's resolve to pursue those who try to defraud American businesses and consumers," said James M. Griffin, Deputy Assistant Attorney General in charge of the Division's Criminal Enforcement Program.

Odyssey House's former director of operations, Aaron Lugo--who pleaded guilty on September 17, 1999, to bid rigging, fraud, and tax charges--acknowledged embezzling approximately \$2.3 million from Odyssey House through a phony billing scheme in which several outside vendors participated, and also taking an additional \$365,000 in cash kickbacks from some of those vendors. According to today's indictment, Lugo shared a significant portion of that money with Walker, his immediate superior at Odyssey House. In return, Odyssey House

awarded nearly \$10 million in contracts to those vendors who supplied Odyssey House with food, meat, health and beauty aids, baby supplies, office supplies, printed materials, as well as janitorial supplies.

The indictment of Walker is the latest to arise out of an ongoing federal probe of bid rigging, commercial bribery, and tax-related offenses in the food distribution and graphic display services industries. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation. To date, the Antitrust Division has obtained more than \$1.2 million in court ordered restitution for Odyssey House.

The maximum penalty per count for an individual convicted of conspiracy is a jail term of up to five years, three years of supervised release, and a \$250,000 fine. The maximum penalty per count for an individual convicted of subscribing to false income tax returns is three years in prison, one year of supervised release, and a \$100,000 fine, together with the cost of prosecution. Both maximum fines 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.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the food distribution or graphic display services industries should contact the New York Field Office of the Antitrust Division at (212) 264-0677 or the New York Division of the FBI at (212) 384-3252.

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