



# Department of Justice

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Northern District of Georgia

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## **TWO FORMER HOME DEPOT EMPLOYEES SENTENCED TO PRISON FOR PARTICIPATING IN VENDOR KICKBACK SCHEME**

### *Defendants Also Filed False Tax Returns*

Atlanta, GA-RONALD K. JOHNSTON, 37, and JAMES P. ROBINSON, 43, both of Atlanta, Georgia, were sentenced this week to federal prison by United States District Judge Richard W. Story on charges of conspiracy to commit wire fraud and filing false tax returns in connection with a scheme to defraud Home Depot.

United States Attorney David E. Nahmias said, "These two defendants accepted bribes from the company's foreign suppliers and failed to report and pay taxes on their illegal income. Vendor kickbacks to corporate employees corrupt the honest operations of American businesses, and those who pay, receive, or solicit such payoffs may face federal prosecution."

Scott D. Hammond, Acting Assistant Attorney General in charge of the Antitrust Division said, "These sentencings demonstrate the Antitrust Division's resolve to hold accountable those individuals who participate in kickback schemes that subvert the competitive process by placing their own interests above those of the companies that employ them."

IRS Criminal Investigation Special Agent In Charge Reginael D. McDaniel said, "The prosecution of individuals who intentionally conceal their income, even if obtained from an illegal source, is a vital element in maintaining public confidence in our tax system. We should not expect the honest taxpayer to foot the bill for those who choose to hide their income from the IRS."

Today, JOHNSTON was sentenced to serve 3 years, 10 months in prison, to be followed by 3 years of supervised release and ordered to pay \$1,785,115 in restitution. JOHNSTON pleaded guilty to the charges on January 15, 2009.

Yesterday, ROBINSON was sentenced to serve 5 years, 3 months in prison, to be followed by 3 years of supervised release and ordered to pay \$1,170,308 in restitution.

ROBINSON pleaded guilty to the charges on July 11, 2008.

According to United States Attorney Nahmias and information presented in court: Between 2005 and 2007, JOHNSTON, a former Home Depot Merchant for Flooring, participated in a conspiracy to defraud Home Depot by taking kickbacks from foreign suppliers seeking to do business with Home Depot. JOHNSTON arranged for Home Depot to purchase items for resale on less than the most advantageous terms to the company. Another former Home Depot employee, ANTHONY TESVICH, who pleaded guilty last June to similar offenses, received millions of dollars in bribes from foreign suppliers and passed on to JOHNSTON through kickbacks in the hundreds of thousands of dollars and also made payments to a home improvement company for work on JOHNSTON'S residence. JOHNSTON also filed false tax returns by underreporting his income for tax years 2005 (\$60,108 in unreported income) and 2006 (\$125,893 in unreported income).

ROBINSON, a former Home Depot Divisional Merchandising Manager for Flooring, also participated in the conspiracy to defraud Home Depot by taking similar kickbacks from foreign suppliers seeking to do business with Home Depot. ROBINSON arranged for Home Depot to purchase items for resale on less than the most advantageous terms to the company. TESVICH also passed kickbacks to ROBINSON through hundreds of thousands of dollars and other items of value, including a luxury SUV. ROBINSON also filed false tax returns by underreporting his income for tax years 2005 (\$133,000 in unreported income) and 2006 (\$632,879 in unreported income).

ROBINSON has consented to forfeiture of more than \$575,000 in relation to his criminal conviction. JOHNSTON has consented to forfeiture of more than \$219,376.93 in personal items as substitute res and a forfeiture money judgment in the amount of \$135,119.56. In addition, JOHNSTON is consenting to the forfeiture of approximately \$390,000 stemming from a related civil forfeiture action arising out of a similar kick-back scheme during his employment at Home Depot. Specifically, ROBINSON agreed to forfeit two houses, a 2006 Infiniti QX56, a 2004 Cadillac Escalade, various Janney Montgomery Scott accounts, and \$146,000 .00 in United States currency. JOHNSTON agreed to forfeit \$219,000 worth of gym equipment and other personal property, as well as five Salomon Smith Barney accounts into which he had laundered funds.

TESVICH is scheduled to be sentenced by Judge Richard W. Story on June 11, 2009.

This case was investigated by the Internal Revenue Service-Criminal Investigation, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, and the Federal Bureau of Investigation. Home Depot has cooperated in the federal investigation.

This case was prosecuted by John R. Fitzpatrick and Barbara W. Cash, Trial

Attorneys for the United States Department of Justice Antitrust Division, Atlanta Field Office, and Assistant United States Attorneys Russell Phillips, Sally Molloy, Michael J. Brown and Gerald S. Sachs.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).