



NEWS RELEASE

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DEFENDANTS IN CORPORATE BRIBERY SCHEME ARE SENTENCED

PATERSON, NEW JERSEY: September 18, 2009

On Thursday, September 17, 2009, the targets of a nine-month investigation involving a corporate bribery scheme were sentenced by the Honorable Marilyn C. Clark, P.J.Cr. in Superior Court. Michael Strauss, age 66 of Englishtown, New Jersey, Howard O'Neill, age 55 of East Brunswick, New Jersey, Joseph Liriano, age 45 of Bellmore, New York and Chempac Distributors, Inc. of Englishtown, New Jersey had all previously pled guilty to conspiracy to commit theft by deception upon New York Presbyterian Hospital on May 27, 2009. In addition, Michael Strauss, the owner of Chempac Distributors, Inc., had pled guilty to commercial bribery.

Consistent with the plea agreements negotiated with the various defendants, Michael Strauss, the owner and CEO of Chempac Distributors, Inc, was sentenced to five years of probation with the requirement that he serve 364 days in the Passaic County Jail as a condition of his probation. In addition, he was ordered to pay \$100,000 in restitution to New York Presbyterian Hospital. His company, Chempac Distributors, Inc., was ordered to pay a \$10,000 fine to the State of New Jersey.

Howard O'Neill was sentenced to five years of probation, 150 hours of community service and ordered to pay \$100,000 in restitution to New York Presbyterian Hospital. Lastly, Joseph Liriano was enrolled into the Pre-Trial Intervention Program for a period of one year and ordered to pay \$5,000 in restitution to New York Presbyterian Hospital.

The investigation conducted by members of the Passaic County Prosecutor's Office, White Collar Crime /Governmental Corruption Unit focused on the unlawful business practices of Chempac Distributors, Inc., a major laundry supply company originally based in Haledon,

New Jersey, its owner, Michael Strauss and the relationship with two laundry managers, Howard O'Neill and Joseph Liriano, both employed by New York Presbyterian Hospital located in Manhattan. The investigation revealed that Michael Strauss was involved in a sophisticated scheme whereby he not only bribed both Howard O'Neill and Joseph Liriano to obtain supply contracts from New York Presbyterian Hospital, but also "shorted" orders delivered to the hospital. For example, Michael Strauss through his company Chempac Distributors, Inc, supplied laundry cart covers to New York Presbyterian Hospital. If the hospital ordered 100 laundry cart covers, Michael Strauss through Chempac Distributors, Inc. would deliver only 50 laundry cart covers with the knowledge and consent of the laundry managers, Howard O'Neill and Joseph Liriano. However, the hospital paid for the full order. He would then keep the majority of the ill-gotten gains, although he did provide some of it to the laundry managers, Howard O'Neill and Joseph Liriano, as kick-backs. From 2003 to 2008, Chempac Distributors, Inc. was paid approximately \$1.2 million by New York Presbyterian Hospital for supplies and other services.

This Office's inquiry into Chempac Distributors, Inc. began as a theft investigation that focused on the principal bookkeeper of the company. Michael Strauss initially brought a complaint against Estela Benitez, the bookkeeper for Chempac Distributors, Inc., for stealing approximately \$400,000 from the company over a period of about eighteen months. Upon arrest, Estela Benitez provided information against Michael Strauss and the laundry managers employed at New York Presbyterian Hospital that initiated the current investigation.