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Southern District of New York

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**NEW JERSEY MAN ARRESTED FOR \$45 MILLION SCHEME TO
DEFRAUD AND PRICE GOUGE NEW YORK CITY DURING COVID-19
PANDEMIC**

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, and Margaret Garnett, the Commissioner of the New York City Department of Investigation ("DOI"), announced the arrest of RONALD ROMANO for attempting to deceive and price gouge New York City (the "City") into paying him and his co-conspirators approximately \$45 million for personal protective equipment that ROMANO did not possess and was not authorized to sell. ROMANO committed this scheme in an attempt to exploit NYC as it was trying to manage the impact of the COVID-19 pandemic and obtain these resources to help protect the lives of hospital and other frontline workers. ROMANO is charged in a criminal Complaint, unsealed today, with one count of conspiring to commit wire fraud, one count of wire fraud, and one count of conspiring to violate the Defense Production Act. ROMANO will be presented this afternoon in Manhattan federal court before U.S. Magistrate Judge Ona T. Wang.

U.S. Attorney Geoffrey S. Berman said: "As alleged, used car salesman Ronald Romano saw the current health emergency as an opportunity to cash in, using lies and deception in what he envisioned as a get-rich-quick scheme. Romano allegedly lied repeatedly about his authority and ability to sell large quantities of personal protective equipment to the City – equipment he knew was desperately needed for use by frontline medical workers and first responders. And he allegedly offered to sell this phantom equipment to the City at grossly inflated prices. Now Ronald Romano's short-lived second career as a purveyor of vital protective gear is over."

DOI Commissioner Margaret Garnett said: "At a time when the pandemic was ravaging New York City, this defendant greedily preyed on the City's desperate need for protective equipment to stop the spread of the virus. But, instead of reaping millions of dollars, the scheme received a dose of old-fashioned, New York City skepticism from procurement specialists at the

City's Department of Citywide Administrative Services (DCAS), when the City called the supposed manufacturer to confirm the astronomical asking price. The defendant's ruse unraveled, and these City workers proved that heroes have an array of titles. I thank the Office of the United States Attorney for the Southern District of New York for its partnership on this important investigation, one that demonstrates there is no tolerance, at any time, in particular during this crisis, for individuals who seek to victimize this City by holding essential workers' safety hostage to price-gouging and fraud."

According to the allegations in the Complaint unsealed in Manhattan federal court.^[1]

In approximately February 2020, ROMANO, a used car dealer, began attempting to obtain for resale large quantities of personal protective equipment ("PPE"), including N95 respirators. In furtherance of the scheme, ROMANO, among other things, created a fictitious authorization letter in March 2020, which falsely represented that ROMANO's company was authorized to sell millions of units of 3M-brand PPE. Shortly thereafter, in mid-March 2020, brokers acting on ROMANO's behalf approached New York City (the "City"), which at the time was in critical need of legitimate, potentially lifesaving PPE, including respirators, in order to supply frontline healthcare workers and first responders during the COVID-19 public health emergency. During ensuing negotiations, ROMANO and others repeatedly made false and fraudulent representations regarding, among other things, their authority and ability to supply 3M-brand PPE manufactured in the United States, and their track record in other PPE deals. In an effort to close a deal for seven million N95 respirators, ROMANO, among other things, submitted a false and misleading references document to the City, which, among other things, listed a PPE deal with the Florida Division of Emergency Management (the "FDEM") that had never occurred and separately provided a co-conspirator as a reference. ROMANO hoped to get profit quickly through the scheme. As he described in a message to a co-conspirator, "I'm working on a few deals that if I get any of them you might be buying a Ferrari."

In furtherance of this scheme, ROMANO attempted to sell PPE at prices far above the prices at which he hoped to acquire the PPE, including after such PPE was designated as scarce materials under the Defense Production Act on March 25, 2020. ROMANO offered three-ply N99 facemasks to FDEM at prices marked up by more than 500% from the manufacturer's prices, and he separately offered the City millions of 3M-brand N95 respirators at more than a 400% markup from the list price for such respirators.

* * *

ROMANO, 58, of Manalapan, New Jersey, is charged with one count of conspiring to commit wire fraud and one count of wire fraud, each of which carries a maximum sentence of 30 years in prison, and one count of conspiring to violate the Defense Production Act, which carries maximum sentence of not more than one year in prison. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

^[1] As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth herein constitute only allegations, and every fact described should be treated as an allegation.

Mr. Berman praised the Special Agents of the United States Attorney's Office for the Southern District of New York for their outstanding investigative work, and thanked the New York City Department of Investigation for their invaluable assistance with this matter. Mr. Berman also thanked the 3M Company for its assistance in the investigation.

Mr. Berman thanked the Department of Justice's COVID-19 Hoarding and Price Gouging Task Force. Attorney General William P. Barr created the COVID-19 Hoarding and Price Gouging Task Force, led by Craig Carpenito, United States Attorney for District of New Jersey, who is coordinating efforts with the Antitrust Division and U.S. Attorneys across the country wherever illegal activity involving protective personal equipment occurs.

This case is being handled by the Office's Complex Frauds and Cybercrime Unit. Assistant United States Attorneys Nicholas W. Chiuchiolo and Timothy V. Capozzi are in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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