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FOR IMMEDIATE RELEASE
APRIL 20, 2004

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**U.S. CHARGES 22 MEMBERS AND ASSOCIATES OF THE GENOVESE
CRIME FAMILY WITH RACKETEERING, OTHER OFFENSES
FOR CONTROLLING THE DRYWALL INDUSTRY IN N.Y.**

*Made Members Of Family Created Puppet Union To Bilk
Millions From Public Schools, Hospitals And Other
Construction Projects*

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, PASQUALE D'AMURO, the Assistant Director in Charge of the New York Office of the FBI, ELIOT SPITZER, the New York State Attorney General, RAYMOND W. KELLY, the New York City Police Commissioner, MICHAEL J. THOMAS, the Special Agent in Charge of the New York Field Office IRS Criminal Investigation, GORDON S. HEDDELL, the Inspector General of the United States Department of Labor, and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation, announced today the unsealing of an 83-count, 225-page Indictment charging 22 defendants, including various members and associates of the Genovese Organized Crime Family of

La Cosa Nostra, with racketeering, extortion, fraud, tax evasion, and other offenses arising from the Genovese Family's alleged control over the drywall industry in the New York City area. According to the Indictment, which was unsealed in Manhattan federal court, the Genovese Family controlled two construction unions for decades through either outright extortion of union officials or the corrupt infiltration of the unions' leadership. Using this alleged control, the Genovese Family allowed contractors associated with the Family to defraud the union welfare funds, deprived union members of jobs on significant construction projects, extorted and intimidated other contractors and generated millions of dollars for the Genovese Family and its associates.

Because drywall contractors are present on virtually every major construction project in New York City, the decades of extortionate control of these unions by the Genovese Family has led to millions of dollars of lost wages to union workers and, significantly, lost contributions to the worker's union pension funds, it was charged. By allegedly enabling favored contractors to violate their contracts with the unions, countless union jobs went to non-union workers, depriving union members not only of their rightful wages, but also of contributions to the union funds that pay workers retirement and other benefits. In addition, according to the charges,

legitimate contractors and owners, including such public entities as the Dormitory Authority of the State of New York and the School Construction Authority, were defrauded of hundreds of thousands of dollars in monies that they paid to corrupt drywall contractors expecting that those contractors would employ only union workers, and pay only prevailing wage rates, as required by State law, on their job sites.

The Indictment, the culmination of a four-year investigation, identifies the two labor unions that have been subjected to the Genovese Family's corrupting influence: the United Brotherhood of Carpenters and Joiners (the "Carpenters' Union"), and Local 530 of the Operative Plasterers and Cement Masons Union ("Local 530"). The Indictment charges 12 members and associates of the Genovese Family with racketeering and racketeering conspiracy arising from the Genovese Family's control over these two unions.

Puppet Union Created

According to the Indictment, LOUIS MOSCATIELLO, SR., an acting Capo and a soldier in the Genovese Family, was the person primarily responsible for exercising the Genovese Family's unlawful control over the drywall industry. MOSCATIELLO, SR. has a long history with labor unions - he was

previously indicted in this District in February 2003 on numerous counts of racketeering, extortion, and fraud relating to the Genovese Family's control of Locals 14 and 15 of the International Union of Operating Engineers, and, as set forth in the Indictment, MOSCATIELLO, SR. was previously convicted in 1991 in New York State Supreme Court, New York County, of bribing a labor official - specifically, a business agent of the Manhattan local of the U.B.C.J. Indeed, it is alleged that MOSCATIELLO, SR. committed some of the offenses charged in the Indictment while on bail in the Local 14 and 15 prosecution.

The Indictment alleges that MOSCATIELLO, SR. and a Capo in the Genovese Family created Local 530 in 1978, specifically to enhance the Genovese Family's control over the drywall industry. In particular, Local 530 was allegedly created to compete with, and encroach upon, the jurisdiction of another union operating in the drywall industry, Local 1974. MOSCATIELLO, SR. controlled Local 530 from the outset, serving as its first President and Business Manager, it was charged. During his tenure as President, the Indictment alleges that MOSCATIELLO, SR. regularly accepted unlawful payments from contractors in exchange for labor peace.

According to the Indictment, after MOSCATIELLO, SR. stepped down in 1991 as President of Local 530 following his bribery conviction, he continued to control Local 530 through a complicit union leadership. For example, according to the Indictment, MOSCATIELLO's brother-in-law, JOHN CAMPANELLA, JR., was the plan manager for the Local 530 Benefit Funds. The Indictment alleges that in the mid-1990s, while MOSCATIELLO, SR. was in prison, the Genovese Family's control over Local 530 was exercised, in part, through Ralph Coppola, a Capo in the Genovese Family who disappeared in 1998. After MOSCATIELLO was released from prison, however, he allegedly reasserted his control over Local 530 through his handpicked leadership, including CARMINE MINGOIA, the current president, and CAMPANELLA, JR.

Schemes Involved Hospital and Public School Construction

Projects

According to the Indictment, MOSCATIELLO, SR. and the other racketeering defendants used their control over the two unions to make sure that the union leadership, including business agents and shop stewards, did not enforce key provisions of the collective bargaining agreements ("CBAs") between the unions and drywall contractors that were owned or

controlled by the defendants. Among other things, the CBAs allegedly required the defendants' companies to pay union-scale wages, to make contributions to welfare benefit funds and pension funds, and to employ only union labor on job sites. According to the Indictment, however, those contractors associated with MOSCATIELLO, SR. and the Genovese Family -- such as JAMES DELIO, FRED NISALL, JOSEPH DELIO, THOMAS BOVE, FRANK MALANGONE, and FRED MENDOZA -- were allowed to violate the CBAs in numerous ways on various construction job sites throughout New York City and its vicinity, thus saving the contractors millions of dollars.

The Indictment identifies several job sites on which violations of the CBAs occurred, including a major expansion of the Kings County Hospital in Brooklyn, New York (a project funded by the Dormitory Authority of the State of New York), and two public school construction projects in the Bronx, Public Schools 54 and 83, (projects funded by the School Construction Authority), as well as other projects, including a Lord & Taylor Department Store in Long Island, and apartment and office buildings in Manhattan.

According to the Indictment, the Genovese Family exercised its influence in different ways depending on the labor

union and the job site. For example, in the case of the Kings County Hospital, the Genovese Family allegedly used a combination of complicit leadership and the extortion of a local of the Carpenters' Union, Local 926, to allow JAMES DELIO, FRED NISALL, and JOSEPH DELIO to violate the terms of the CBA at that job site. In the case of all of the projects involving Local 530, the complicit union leadership simply took orders from MOSCATIELLO, SR. and MINGOIA regarding the jobs on which the collective bargaining agreements were to be enforced, it was charged.

The collective bargaining agreements were allegedly violated on these jobs in numerous ways. The Indictment alleges, among other things, that the contractor-defendants were able to hire workers off-the-books, to employ non-union workers, not to pay workers higher union-scale wages, and not to make required contributions to the union benefit funds. By paying workers off-the-books (and not paying payroll taxes for these workers, who were frequently paid cash), the Indictment alleges that the contractors saved significant amounts of money. These contractors were also able to underbid their competitors, since they knew that they would not have to hire union workers, or pay benefits, on the jobs, thereby allowing these contractors to

obtain work on a greater number of jobs. In exchange for this assistance, the contractors made payments, typically in the form of cash payments of a percentage of the value of the construction contract, to other members and associates of the Genovese Family, as explained in the Indictment.

Bid Rigging Scheme

The Indictment also charges that members and associates of the Genovese Family further participated in a bid-rigging scheme, whereby favored taping contractors, such as BOVE, MALANGONE, and MENDOZA, and Local 530 officials, colluded in submitting bids for jobs from a particular drywall contractor. The contractors who allegedly participated in the bid-rigging scheme agreed, in advance of the bidding for these jobs, (i) which job would be assigned to each of the participating contractors and (ii) what dollar amount each of the contractors would bid for each job. These taping contractors submitted their bids with the understanding that the Genovese Family would ensure that Local 530 would look the other way and not enforce the terms of the CBAs on their job sites, it was charged. Thus, the contractors were able to violate the terms of the CBAs with impunity by, for example, using workers who were paid off-the-books, using non-union labor, and failing

to pay union-scale wages or to make the required contributions to the union benefit funds, according to the Indictment.

Tax Fraud And Evasion By Contractors

The Indictment also charges JAMES DELIO, FRED NISALL, JOSEPH DELIO, JOHN BARONE, SAMUEL DAZLE, and ALBERT POMETTO, JR. with tax evasion and other offenses. As set forth in the Indictment, JAMES DELIO, FRED NISALL, JOSEPH DELIO, JOHN BARONE, and SAMUEL DAZLE owned, operated or controlled various drywall and taping companies, and POMETTO JR.'s was an accountant for some of these companies. The defendants allegedly hired and paid certain employees and contractors off-the-books, paying them by cash and/or checks and not recording the payments on the books and records of the companies for which the employees and contractors performed the work. In addition, these defendants failed to withhold federal income tax and FICA contributions with respect to the off-the-books wages paid to the employees, and failed to file with the IRS accurate wage reporting documents and tax returns relating to the compensation paid to the employees and contractors, it as charged. Further, in some instances, when these defendants actually paid employees on-the-books, they allegedly failed to remit to the IRS Federal income

tax and FICA contributions that had been withheld from their employees' wages.

The Indictment also charges that, in order to evade the imposition, assessment, and payment of taxes, members of the conspiracy used a variety of methods to deceive the IRS, including, among other things: (i) incorporating drywall and taping entities that they owned, operated and controlled in the names of nominee owners; (ii) using multiple identities and social security numbers; (iii) incorporating multiple companies with similar names; (iv) failing to maintain accurate and complete books and records for the entities that they owned, operated, and controlled, and, in some cases, failing to maintain any books and records; (v) making payments in cash; and (vi) opening multiple bank accounts at different banks.

Millions Generated; Forfeiture Sought

From the various schemes, extortions, and tax fraud, the members and associates of the Genovese Family obtained millions of dollars in proceeds, it was charged. The Indictment, therefore, seeks the forfeiture of at least \$5.2 million.

Maximum Penalties

Racketeering or racketeering conspiracy, upon conviction, carries a maximum sentence of 20 years' imprisonment on each count and \$250,000 in fines, or twice the gross gain or loss as a result of the offense. For each count of mail fraud, the maximum sentence is 20 years' imprisonment and \$250,000 in fines or twice the gross gain or loss. For each count of extortion or extortion conspiracy, the defendants charged in those counts face a maximum sentence of 20 years' imprisonment and \$250,000 in fines or twice the gross gain or loss. For each count of employee benefit plan embezzlement, the penalty is a maximum sentence of 5 years' imprisonment and \$250,000 in fines or twice the gross gain or loss. For each count of false statements in ERISA documents, the maximum sentence is 5 years' imprisonment and \$250,000 in fines or twice the gross gain or loss. For each count of unlawful receipt of labor payments, the defendants charged in those counts face a maximum sentence of 5 years' imprisonment and a \$15,000 fine. For each count of tax fraud conspiracy or tax evasion, the maximum sentence is 5 years' imprisonment and \$250,000 in fines or twice the gross gain or loss for the tax fraud conspiracy, and \$100,000 in fines or twice the gross gain or loss for the tax evasion charges.

For each count of extortionate extensions of credit, or using extortionate means to collect extensions of credit, the maximum sentence is 20 years' imprisonment and \$250,000 in fines or twice the gross gain or loss. For each count of false statements to a federal officer, the maximum sentence is 5 years' imprisonment and \$250,000 in fines or twice the gross gain or loss. For each count of structuring, the maximum sentence is 10 years' imprisonment and \$500,000 in fines or twice the gross gain or loss. Finally, because LOUIS MOSCATIELLO, SR. allegedly committed the offenses charged in Counts One through Six of the Indictment while on bail, he faces an additional sentence of a maximum of 10 years' imprisonment, to run consecutive to any other sentence of imprisonment and \$250,000 in fines or twice the gross gain or loss.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation, the Internal Revenue Service, the New York City Police Department, the Department of Labor, the New York State Organized Crime Task Force and the New York City Department of Investigation for their assistance in the investigation.

Assistant United States Attorneys JONATHAN S. KOLODNER and BENJAMIN M. LAWSKY are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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