



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York

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FORMER PRESIDENT OF LABOR UNION PLEADS GUILTY TO PARTICIPATING IN EMBEZZLEMENT AND KICKBACK SCHEME

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, Michael C. Mikulka, Special Agent-in-Charge, New York Region, U.S. Department of Labor Office of Inspector General ("DOL-OIG"), Thomas Licetti, Acting New York Regional Director, U.S. Department of Labor Employee Benefits Security Administration ("DOL-EBSA"), and Andriana Vamvakas, New York Regional Director, U.S. Department of Labor Office of Labor-Management Standards ("DOL-OLMS"), announced that ROCCO FAZZOLARI, who previously served as the president of a labor union (the "Union") and a trustee of the Union's employee welfare benefit plan (the "Plan"), pled guilty today to embezzling from the Union and the Plan and to participating in a kickback scheme involving the Plan. Through these embezzlement and kickback schemes, FAZZOLARI and a co-conspirator illegally obtained a total of more than \$1.3 million from the Union and the Plan. FAZZOLARI pled guilty before United States District Judge Analisa Torres.

U.S. Attorney Geoffrey S. Berman said: "Rocco Fazzolari abused his position as the president of a labor union to line his own pockets. As he admitted today, he embezzled funds and he engaged in a kickback scheme that cost an employee benefit plan – which was established to provide medical care for union members – more than \$1 million. Our Office is committed to prosecuting those who misuse positions of trust for their own gain."

DOL-OIG New York Region Special Agent-in-Charge Michael C. Mikulka said: "While president of a labor union, Rocco Fazzolari stole union assets to pay for lavish personal items, including designer clothing, spa treatments, and a second vehicle for his family, betraying the members of the union. We will continue to work with our law enforcement partners and the U.S.

Department of Labor's Office of Labor-Management Standards and the Employee Benefits Security Administration to protect the financial integrity of labor unions and their benefit plans.”

DOL-EBSA Acting New York Regional Director Thomas Licetti said: “Plan administrators and trustees of union sponsored health plans have a fiduciary obligation under ERISA to provide health benefits to union members and plan participants. In this case, the plan administrator intentionally broke that promise in order to serve his own interest. EBSA will pursue strong enforcement action against those responsible for depriving employees of the benefits to which they are entitled.”

DOL-OLMS New York Regional Director Andriana Vamvakas said: “Combatting financial fraud and investigating embezzlement of union funds helps safeguard financial integrity in labor unions. This is a major priority for the U.S. Department of Labor's Office of Labor-Management Standards. We will work with our investigative partners to identify criminal violations and pursue appropriate legal action whenever anyone puts personal financial gain ahead of the best interests of union members.”

According to the allegations in the Information to which FAZZOLARI pled guilty, public court filings, and statements made in court:

From at least in or about 2012 through in or about June 2016, FAZZOLARI repeatedly used Union funds to pay for his personal expenses, including payments for spa treatments, a gym membership, a second car, medical expenses, dues for an actors' union, personal credit card charges, and ATM cash withdrawals. FAZZOLARI then “reimbursed” the Union with funds from the Plan. The Plan was established to provide, among other things, medical, surgical, and hospital care or benefits to Union members. In total, FAZZOLARI embezzled more than \$128,000 from the Union over approximately four years, and improperly transferred more than \$89,000 from the Plan to “reimburse” the Union.

In addition, from at least in or about 2000 through in or about June 2016, FAZZOLARI engaged in a kickback scheme with another individual (“CC-1”). Using Plan funds, FAZZOLARI paid CC-1's company, Acclaim Administrators, Inc. (“Acclaim”), more than \$1.1 million for purported services, even though Acclaim did not actually provide the Plan with these services. CC-1 then kicked back the vast majority of these payments to FAZZOLARI.

Under the terms of his plea agreement, FAZZOLARI has agreed to a 13-year ban, pursuant to 29 U.S.C. §§ 504 and 1111, which generally prohibits him from, among other things, being employed by a labor union or employee benefit plan. FAZZOLARI has also agreed to forfeit \$941,828 and to pay restitution to the Union and the Plan.

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ROCCO FAZZOLARI, 58, of Manhasset Hills, New York, pled guilty to three counts: embezzlement from a labor organization, embezzlement from an employee benefit plan, and conspiracy to embezzle from an employee benefit plan, each of which carries a maximum sentence of five years in prison.

The statutory maximum sentences are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge. Sentencing before Judge Torres is scheduled for January 28, 2019, at 11:40 a.m.

Mr. Berman praised the Department of Labor's Office of Inspector General, Employee Benefits Security Administration, Office of Chief Accountant, and Office of Labor-Management Standards for their outstanding investigative work. Mr. Berman also thanked the Federal Bureau of Investigation and the Department of Justice's Labor-Management Racketeering Unit of the Organized Crime and Gang Section for their assistance in this case.

This matter is being handled by the Office's Complex Frauds and Cybercrime Unit. Assistant United States Attorney Michael D. Neff is in charge of the prosecution.

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