

Department of Justice  
U.S. Attorney's Office  
Southern District of New York

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FOR IMMEDIATE RELEASE

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## **Manhattan U.S. Attorney Announces Indictment Of Former Vice President Of Teamsters Labor Union For Bribery**

### **John Ulrich, former VP of a Teamsters Union and Trustee to Union's Health Fund, Demanded and Received Tens of Thousands of Dollars From Union's Third-Party Administrator In Exchange For Using Influence With Union and Health Fund**

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, William F. Sweeny Jr., Assistant Director-in-Charge, New York Division, Federal Bureau of Investigation ("FBI"), Michael C. Mikulka, Special Agent-in-Charge, New York Region, U.S. Department of Labor Office of Inspector General ("DOL-OIG"); Darren Cohen, 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 JOHN ULRICH, who previously served as the vice president of International Brotherhood of Teamsters Local 812 (the "Union") and as a trustee of the Union's employee health benefit plan (the "Plan"), was charged in an indictment unsealed today with soliciting tens of thousands of dollars in bribe payments from an executive with the Plan's Third Party Administrator (the "TPA-1"), in exchange for using his influence to ensure the Union's continued retention of TPA-1 as its Plan administrator. ULRICH was arrested this morning, and will be presented this afternoon in Manhattan federal court before United States Magistrate Judge Ona T. Wang. ULRICH's case is assigned to United States District Judge Analisa Torres.

U.S. Attorney Geoffrey S. Berman said: "As alleged, John Ulrich abused his position as the vice president of a labor union and trustee for its health plan by selling his influence to the Union's health care administrator. As part of this alleged scheme, Ulrich betrayed the trust of the Union members who elected him in order to line his pockets with bribe money. This Office is committed to prosecuting those who abuse their positions of trust for their own financial benefit."

FBI Assistant Director William F. Sweeny Jr. said: "Instead of advocating for the best possible benefit programs for the union members he represented, Ulrich allegedly entered into a quid-pro-quo arrangement that served to advance his needs and the needs of the Plan's third-party

administrator. In his official role, he was charged with protecting the interests of his fellow union employees, but as we allege today, this trustee couldn't be trusted."

DOL-OIG New York Region Special Agent-in-Charge Michael C. Mikulka said: "An important mission of the Office of Inspector General is to investigate allegations relating to corruption within labor unions and their affiliated employee benefit plans. We will continue to work with our law enforcement partners to investigate these types of allegations."

DOL-EBSA New York Regional Director Darren Cohen said: "Trustees of union sponsored health benefit plans have a fiduciary obligation to perform their duties solely in the interests of union members and plan participants. In this case, the plan trustee allegedly abdicated this responsibility in order to serve his own interest. EBSA will pursue plan trustees and other officials when they engage in criminal schemes to defraud private sector benefit plans. EBSA is very pleased to have had the opportunity to work collaboratively with our law enforcement partners in the Labor Department's Office of the Inspector General and Office of Labor-Management, the Federal Bureau of Investigation, and the U.S. Attorney's Office to protect plan participants."

DOL-OLMS New York Regional Director Andriana Vamvakas said: "Investigating corruption and ensuring financial integrity in labor organizations is a major priority for the U.S. Department of Labor's Office of Labor-Management Standards. We will continue to work with our investigative partners to ensure that those who are affiliated with labor organizations adhere to the highest standards of conduct to protect the assets of union members and do not misuse their positions of trust for their own personal gain."

According to the allegations in the Indictment<sup>[1]</sup>:

The Union has more than approximately 3,000 members, and represents workers in the beverage industry throughout the New York metropolitan area. The Union's members are covered by the Plan, which provides, among other things, life insurance, health insurance, dental, vision, and disability benefits to Union members and their families. As the Plan's third-party administrator, TPA-1 processed health insurance claims for participants in the Plan. At all times relevant to the Indictment, ULRICH was a member and officer of the Union and a trustee of the Plan.

In or about 2013, ULRICH was experiencing financial difficulties, and solicited bribe payments from an executive with TPA-1 ("Executive-1") of \$5,000 per quarter in exchange for using his influence to maintain TPA-1 as the Plan's third-party administrator. Before ULRICH solicited these bribes, the Plan had issued a request for proposals for a new third-party administrator, and TPA-1 was at risk of losing the Plan's business. ULRICH told Executive-1 that ULRICH would use his influence with the Union to ensure that the Plan continued to use TPA-1 to administer the Union's health care plan. Executive-1 agreed to make \$5,000 quarterly payments to ULRICH, and began doing

so. Subsequently, despite receiving multiple bids from other third-party administrators, the Plan then continued to work with TPA-1.

In or about 2014, ULRICH demanded increased bribe payments from Executive-1. In part, ULRICH told Executive-1 that these increased bribe payments were needed for another trustee of the Plan, and Executive-1 began making such increased payments. On or about September 19, 2015, ULRICH again solicited additional bribe payments for this trustee.

After a special board meeting convened by the Plan in February 2016, ULRICH was terminated as vice president and trustee of the Union and Plan, respectively. In total, ULRICH demanded, and Executive-1 paid, tens of thousands in bribes before ULRICH was removed from office.

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ULRICH, 48, of Newburgh, New York, is charged in four counts with conspiracy to solicit and receive bribe payments to influence the operation of an employee benefit plan, which carries a maximum penalty of five years in prison; soliciting and receiving bribe payments to influence the operation of an employee benefit plan, which carries a maximum penalty of three years in prison; conspiracy to commit honest services health care fraud, which carries a maximum penalty of 10 years in prison; and honest services health care fraud, which carries a maximum penalty of 10 years 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.

Mr. Berman praised the FBI, DOL-OIG, DOL-EBSA, and DOL-OLMS for their outstanding investigative work in this case.

This matter is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys Eli J. Mark and Louis A. Pellegrino are in charge of the prosecution.