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Texas Man Sentenced To Five Years In Prison For Multi-Year Embezzlement Scheme To Defraud Alameda-Based Labor Union

The Court Also Ordered Defendant To Pay More Than \$4 Million In Restitution For His Crimes

OAKLAND – Scott A. Wilson was sentenced today to sixty months in prison and ordered to pay more than \$4 million in restitution for executing a multi-year embezzlement scheme targeting his former employer, Operating Engineers Local No. 3, announced Acting United States Attorney Stephanie Hinds, Federal Bureau of Investigation San Francisco Division Special Agent in Charge Craig D. Fair, and U.S. Department of Labor Office of Inspector General, Special Agent in Charge, Los Angeles Region, Quentin Heiden. The sentence was handed down by the Honorable Jeffrey S. White, U.S. Senior District Judge.

“Scott Wilson abused his authority as the IT director of the Operating Engineers Local 3 by creating a complex scheme to steal millions of dollars in union funds. Today’s sentencing affirms the U.S. Department of Labor Office of Inspector General’s commitment to safeguard union funds from those who seek to enrich themselves at the expense of union members,” said Special Agent-in-Charge Quentin Heiden.

Wilson, 54, formerly of Tracy, Calif., has been residing in Texas since 2017 and pleaded guilty to the charge on July 6, 2021. Wilson was the director of the union’s information technology department where he had authority to purchase goods and services. According to his plea agreement and other documents in the case, while working for the union, Wilson set up a front company called OST. Using the alias, “John Lasson,” Wilson used OST to receive funds from the union, at first directly and then through two other front companies set up by a friend and a relative under Wilson’s direction. Between 2011 and 2017, Wilson used these front companies to fraudulently invoice the union for IT-related goods and services that were never to be delivered, taking some funds directly through OST, and others through kickbacks paid by his friend and relative. Wilson also used the front companies to conceal payments made with union funds to his own family members, primarily for work that was never done. At one point, Wilson arranged for the union funds to be withdrawn from the front companies’ accounts and delivered to him in the form of cash wrapped in bundles.

Over the course of six years, Wilson fraudulently misdirected at least \$3.98 million to the front companies, \$2.44 million of which was kicked directly back to Wilson in various ways. In the plea, Wilson admitted that he used the embezzled funds to, among other things, purchase land in Corsicana, Texas, and build himself a house there.

Wilson was charged by information with one count of embezzlement of labor organization assets, in violation of 29 U.S.C. § 501(c). He pleaded guilty to the count.

In sentencing Wilson to the five-year prison term, Judge White pointed out that Wilson committed more than a single fraudulent act—instead, the defendant engaged in “hundreds of decisions to steal money” and that he was “embarking on a campaign to cover up” the offense with “perjury, false

statements” and “fantastical” stories. Judge White stated, “[it is] hard to conceive of a white-collar offense significantly more serious than this one.”

In addition to the prison term, Judge White also ordered White to pay restitution of \$4,669,577 and to serve a three-year term of supervised release. Judge White ordered Wilson to surrender and begin serving his prison term on or before January 3, 2022.

This case is being prosecuted by Assistant United States Attorney Colin Sampson of the Special Prosecutions Section of the United States Attorney’s Office for the Northern District of California. The prosecution is the result of an investigation by the Federal Bureau of Investigation and Department of Labor Office of Inspector General.

Topic(s):
Financial Fraud

Component(s):
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