

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

FOR IMMEDIATE RELEASE

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Two Labor Union Officers And One Former Labor Union Officer Indicted In Manhattan Federal Court For Accepting More Than One Million Dollars In Kickbacks And Embezzling Union Funds

Preet Bharara, the United States Attorney for the Southern District of New York, Diego Rodriguez, the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), Cheryl Garcia, the Special Agent-in-Charge of the New York Regional Office of the United States Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations ("DOL-OIG"), and William J. Bratton, Commissioner of the New York City Police Department ("NYPD"), announced the unsealing of charges against ROCCO MIRANTI, the business manager of the International Union of Allied Novelty and Production Workers, Local 223 ("Local 223"), JOHNNIE MIRANTI, the recording secretary-treasurer of Local 223, and LOUIS SMITH, the former president of the International Brotherhood of Teamsters, Local 810 ("Local 810"), for allegedly accepting more than one million dollars in kickback payments and embezzling money from Local 223 and Local 810. ROCCO MIRANTI, JOHNNIE MIRANTI, and SMITH were arrested today and arraigned in Manhattan federal court before U.S. Magistrate Judge Sarah Netburn.

Manhattan U.S. Attorney Preet Bharara said: "Rocco Miranti, Johnnie Miranti, and Louis Smith, by allegedly accepting more than a million dollars in bribes and embezzling union funds, put their self-interest above the interests of the union members they were supposed to represent. Rank-and-file union members are entitled to leadership that is supportive, not criminally exploitive, as alleged here."

FBI Assistant Director Diego Rodriguez said: "Union leaders are supposed to represent workers for fair wages, benefits, and working conditions, not take kickback payments. As alleged, the defendants received more than \$1 million in payments over 10 years. The FBI will continue to investigate those who seek to use their organization and their position as a way to personally profit illegally."

DOL-OIG SAC Cheryl Garcia said: "The Office of Inspector General will continue to work cooperatively with our law enforcement partners to investigate these types of allegations."

NYPD Commissioner William J. Bratton said: "As alleged, the defendants betrayed their union colleagues by using their influence within the health care plan to gain more than a million dollars in kickbacks. The NYPD has no tolerance for corruption at any level. I want to thank all of the investigators, agents and prosecutors involved in this case for weeding out this criminal behavior."

According to the allegations in the Indictment filed in Manhattan federal court on Monday, June 29, 2015^[1]:

Local 223 is headquartered in Manhattan and represents factory workers. Local 810 is headquartered in Long Island City and represents workers in many industries, including freight drivers and warehouse workers.

From at least 2004 up to and including the present, ROCCO MIRANTI and JOHNNIE MIRANTI were both officers of Local 223. From at least 2000 through 2013, SMITH was the president of Local 810; from 2013 through December 2014, SMITH was a trustee of Local 810. While they were officers of their respective unions, ROCCO MIRANTI, JOHNNIE MIRANTI, and SMITH were trustees of the unions' health care benefit programs. In that capacity, they owed fiduciary duties to Local 223 and Local 810, respectively.

Claims for the Local 223 and Local 810 health care benefit programs were processed by Business-1, a third-party administrator. The president of Business-1, who is cooperating with the Government (the "CW"), told the Government that ROCCO MIRANTI, JOHNNIE MIRANTI, and SMITH demanded monthly kickback payments in exchange for Local 223 and Local 810 doing business with Business-1. At first, the CW made kickback payments solely to ROCCO MIRANTI; in or about 2005, ROCCO MIRANTI arranged for Business-1 to become the third-party administrator for Local 810, in exchange for kickback payments to SMITH. Initially, the kickback payments to ROCCO MIRANTI and SMITH were approximately five percent of the fees paid by Local 223 and Local 810, respectively, to Business-1; in or about 2006, ROCCO MIRANTI and SMITH increased the kickback payments that they required from the CW to approximately 10 percent of the fees paid by Local 223 and Local 810, respectively, to Business-1.

Beginning in or about October 2014, ROCCO MIRANTI, JOHNNIE MIRANTI, and SMITH each had conversations and meetings, which were recorded by the FBI, with the CW about the monthly kickback payments. During some of these meetings, the CW made kickback payments to ROCCO MIRANTI, JOHNNIE MIRANTI, and SMITH, including, in December 2014, a \$10,000 cash payment to ROCCO MIRANTI and JOHNNIE MIRANTI and a \$12,000 cash payment to SMITH.

In total, the kickback payments for the Local 223 account have exceeded \$500,000, as have the kickback payments for the Local 810 account.

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ROCCO MIRANTI, 70, of Howard Beach, New York, JOHNNIE MIRANTI, 39, of Rockville Centre, New York, and SMITH, 73, of Pearl River, New York, are each charged with one count of conspiring to solicit and receive kickbacks to influence the operation of an employee benefit plan, one count of conspiring to embezzle from an employee benefit plan, and one count of conspiring to commit theft or embezzlement in connection with a health care benefit program, each of which carries a maximum term of five years in prison. The Indictment also seeks forfeiture of crime proceeds.  [U.S. v. Rocco Miranti et al. Indictment \(562.41 KB\)](#)

The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendants will be determined by the judge.

Mr. Bharara praised the investigative work of the Federal Bureau of Investigation, the United States Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, the U.S. Department of Labor's Office of Labor-Management Standards, and the New York City Police Department's Organized Crime Investigation Division.

The case is being prosecuted by the Office's Violent and Organized Crime Unit. Assistant U.S. Attorney Jessica Lonergan is 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.

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

USAO - New York, Southern District

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