

Department of Justice
U.S. Attorney's Office
Eastern District of Michigan

FOR IMMEDIATE RELEASE

Wednesday, December 16, 2015

Former Business Manager of Operating Engineers Local 324 Indicted for Extortion and Embezzlement Schemes

The former top elected official of the 18,000 member Operating Engineers Local 324, International Union of Operating Engineers, was indicted today by a federal grand jury on charges of extortion, embezzlement, money laundering and conspiracy, United States Attorney Barbara McQuade announced today.

McQuade was joined in the announcement by James Vanderberg, Special Agent in Charge of the Department of Labor, Office of Investigations, Office of Labor Racketeering and Fraud Investigations, Special Agent in Charge David Gelios, Federal Bureau of Investigation, Detroit Division, Ian Burg, District Director of the Department of Labor, Office of Labor Management Standards, Special Agent in Charge Jared Koopman, Internal Revenue Service, Criminal Investigations, and Regional Director Joe Rivers of the Employee Benefits Security Administration.

Indicted was John Hamilton, 61, of Rivera Beach, Florida.

The nine-count Indictment alleges that Hamilton used his position as Business Manager of Local 324 to personally enrich himself through a series of illegal schemes. Local 324 represents heavy equipment and crane operators throughout Michigan, and Hamilton served as the union's top elected official from 2003 through 2012. Hamilton is charged with extorting business agents and other employees of Local 324 to each pay \$5,000 of their salaries per year into what was called the "Team Hamilton Slate Fund." Ostensibly, the slate fund was to be used for union election campaign expenses. However, Hamilton instead used a significant portion of the money that was extorted from union business agents for his own personal benefit. Hamilton threatened union employees with termination if they complained about the payments to his slate fund. In fact, in 2010, Hamilton fired one business agent who had complained about the payments to Hamilton's fund. Hamilton used some of the money that he extorted to pay for meals and liquor, as well as \$5,000 to his daughter as a wedding present. After losing re-election in an August 2012 membership vote, Hamilton then took for himself \$71,000 from the slate fund, as well as distributing more than \$35,000 each to Steven Minella and David Hart, two other top Local 324 officials. Hamilton structured and laundered this money by distributing it in a series of seventeen checks with false dates, all for amounts under \$10,000. Minella and Hart, the former President and Chief of Staff of the union, respectively, both pleaded guilty earlier this year to felonies for helping to conceal Hamilton's extortion scheme.

In another scheme, Hamilton is charged with embezzling union funds by giving himself a \$97,000 per year raise in October 2009. When a former President of Local 324 raised objections to the

\$97,000 raise, Hamilton terminated the President. In addition, Hamilton created fraudulent minutes of the union's Executive Board in an effort to justify the raise.

Hamilton also is charged with embezzling Local 324 funds and Local 324 pension funds by spending more than \$50,000 on special rims for his own union-issued Cadillac DTS, as well as expensive meals and liquor at restaurants for little or no union business purpose.

Finally, Hamilton is charged with an honest services fraud conspiracy, in which Hamilton accepted work worth thousands of dollars on his personal residence by a union contractor in exchange for Hamilton's directing more than \$300,000 in Local 324 business to the contractor.

Upon conviction, Hamilton would face a maximum of 20 years in prison and a fine of up to \$250,000 on each of the four counts of extortion, conspiracy to commit extortion, money laundering, and conspiracy to commit honest services mail and wire fraud in the Indictment. He also faces a maximum of five years in prison and a \$250,000 fine on each of five counts of conspiracy to embezzle union funds, conspiracy to embezzle pension funds, embezzlement of union funds, and attempted structuring of financial transactions.

An indictment is only a charge, and a defendant is presumed not guilty unless he is convicted at trial by a jury.

"Labor unions exist for the benefit of their members, not to line the pockets of the union leaders," McQuade said. "Hard-working union members deserve honest representation, and leaders who exploit their positions for personal gain will be brought to justice."

David Gelios, Special Agent in Charge, Federal Bureau of Investigation, Detroit Division said, "The betrayal of the trust of union members and the working public cannot be tolerated at any level. Mr. Hamilton's embezzlement of union funds was a disservice to the labor union movement and the 18,000 hard-working members of Local 324 of the Operating Engineers Union."

"Union leaders who misuse their positions to enrich themselves at the detriment of the hard-working men and women for whom they serve will be held accountable for their actions. The fact that Mr. Hamilton concealed his activities and used the very jobs he was elected to protect as leverage to obtain money makes this case even more egregious," stated Jarod Koopman, Special Agent in Charge of the IRS- Criminal Investigation. "IRS- Criminal Investigation will continue to root out individuals who corrupt labor unions by working with its law enforcement partners."

The case was investigated by agents of the Department of Labor, Office of Inspector General Office of Labor Racketeering and Fraud Investigations, the Office of Labor Management Standards, the Employee Benefits Security Administration, the Internal Revenue Service—Criminal Investigations, and the Federal Bureau of Investigation. It is being prosecuted by Assistant United States Attorneys David A. Gardey and Dawn N. Ison.