

Department of Justice

U.S. Attorney's Office

Northern District of California

FOR IMMEDIATE RELEASE

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Texas Man Charged With Defrauding Alameda-Based Union of \$4.5 Million

Scheme Allegedly Involved Kickbacks Paid In Bricks of Cash Wrapped in Silver Bags

OAKLAND – Scott A. Wilson was arrested today in connection with a complaint unsealed in Oakland alleging that he defrauded the Operating Engineers Local Union No. 3, based in Alameda, California, of approximately \$4.5 million, announced United States Attorney David L. Anderson, Federal Bureau of Investigation Special Agent in Charge John L. Bennett, and U.S. Department of Labor Office of Inspector General Special Agent in Charge Quentin Heiden.

According to the complaint, Wilson, 52, of Corsicana, Texas, was the director of the union's information technology department, where he had authority to purchase goods and services. While working for the union, Wilson allegedly set up a front company called OST. Using the alias, "John Lasson," Wilson allegedly 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 allegedly 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 allegedly 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 At one point, according to the complaint, Wilson arranged for the union funds to be withdrawn from the front companies' accounts and delivered to him at various restaurants around the Bay Area in the form of cash, wrapped in the shape of bricks and placed in silver bags.

The complaint alleges that over the course of six years, in total Wilson fraudulently directed approximately \$4.5 million to the front companies, of which \$2.5 million was kicked directly back to Wilson in various ways. The complaint further alleges that Wilson used the allegedly embezzled funds to, among other things, purchase land in Corsicana, Texas, and build himself a house there.

According to the complaint, the scheme was discovered when the union's finance department learned that Wilson had concealed that he was the principal behind one of the front companies with which his IT department was conducting business.

Wilson was arrested on June 26, 2020, in Corsicana, Texas, and made an appearance in federal court in Dallas this afternoon. He was ordered to appear in federal court in Oakland on July 13, 2020.

A complaint merely alleges that crimes have been committed, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt. If convicted, the defendant faces a maximum sentence of 20 years in prison, and a fine of up to \$250,000, along with potential restitution and forfeiture. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

The case is being prosecuted by the Special Prosecutions Section of the U.S. Attorney's Office for the Northern District of California. The prosecution is the result of an investigation by the Federal Bureau of Investigation, and the Department of Labor's Office of Inspector General and Office of Labor Management Standards.