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Department of Justice
 U.S. Attorney's Office
 Northern District of Ohio

FOR IMMEDIATE RELEASE

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Former president of Steelworkers Union Local 5000 charged with stealing hundreds of thousands of dollars from labor union

A 29-count federal indictment was unsealed charging the former president of the Steelworkers Local 5000 with stealing hundreds of thousands of dollars from the labor union.

David R. Sager, 58, of Gibsonburg, was indicted on nine counts of embezzlement or theft from a labor union, 18 counts of mail fraud, one count of obstruction of justice and one count of making false statements to law enforcement.

"This defendant betrayed the union membership he promised to represent," said U.S. Attorney Carole S. Rendon.

Local 5000 is based in Middletburg Heights and a subordinate organization of the United Steelworkers union. It represented approximately 100 employees working for private companies in and around the Great Lakes. Sager served as president from 1999 through April 2016, according to the indictment.

Local 5000 went on strike in 2009 after failing to reach a contract agreement with a company identified in the indictment as Company 2. The company proposed eliminating the position of contract coordinator, which Sager held. The union membership did not vote on the strike. Local 5000 took steps to establish a Strike Fund – designed to provide financial relief to striking members, based on their need – with Sager and two other union officials as the signatories on the bank account, according to the indictment.

In order to claim Strike Fund benefits, members had to submit a voucher and a copy of a bill. That voucher was then reviewed by a committee on which Sager served. Once approved, the voucher and documentation was forwarded to the Strike Fund signatories for approval. If approved, a union official identified in the indictment as Labor Official 2 issued checks as payment on the vouchers, according to the indictment.

Sager submitted more than \$185,000 in vouchers to receive Strike Fund benefits for his family's expenses between 2010 and 2012. He and his wife had nearly \$160,000 in income during the same time period. While collecting Strike Fund benefits, Sager made and caused to be made numerous retail purchases of non-necessity items, such as dining out at several restaurants and the purchase of Carrie Underwood concert tickets, according to the indictment.

The strike ended in 2012. A year later, Company 2 reinstated Sager as a wheelsman and assigned him to work aboard a vessel. He received personal leave and then did not return to work on the vessel. Company 2 terminated his employment, according to the indictment.

On May 16, 2013, an employee of Company 5 wrote an email to some employees which noted, "We are on the verge of losing Local 5000 if we can't come up with an arrangement and I am afraid (another union) will pick up the pieces and become the sole course of crew manpower on the lakes," according to the union.

On July 11, 2013, Companies 4 and 5 and Local 5000 signed a joint employment trust agreement, which they renewed a year later. Company 3 refused to participate in the agreement and told Sager and others that it violated the Taft-Hartley Act, according to the indictment.

On May 28, 2014, an employee of Company 3 sent an email to employees stating: "You will notice that [Local 5000 is] coming back at us for the Joint Employment Trust [aka Sager's pay]," according to the indictment.

In 2013, Companies 4 and 5 paid approximately \$77,000 to Local 5000 through the trust agreement, and Sager received approximately \$56,061 payable from Local 5000 checks. In 2014, Companies 4 and 5 paid approximately \$57,750 to Local 5000 through the trust agreement, and Sager received approximately \$73,418 payable from Local 5000 checks. In 2015, Companies 4 and 5 paid approximately \$77,000 to Local 5000 through the trust agreement, and Sager received approximately \$74,003 payable from Local 5000 checks, according to the indictment.

This case is being prosecuted by Assistant U.S. Attorney Antoinette T. Bacon following an investigation by the U.S. Department of Labor – Office

of Inspector General and the Internal Revenue Service.

If convicted, the defendant's sentence will be determined by the court after reviewing factors unique to this case, including the defendant's prior criminal record, if any, the defendant's role in the offense and the characteristics of the violation. In all cases, the sentence will not exceed the statutory maximum and in most cases it will be less than the maximum.

An indictment is only a charge and is not evidence of guilt. Defendants are entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

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