



**UNITED STATES ATTORNEY'S OFFICE**  
*Southern District of New York*

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**FOUNDER AND MANAGING PARTNER OF ACCOUNTING FIRM  
PLEADS GUILTY TO MAKING FALSE FILINGS WITH THE U.S.  
DEPARTMENT OF LABOR**

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, Michael C. Mikulka, Special Agent-in-Charge, New York Region, U.S. Department of Labor Office of Inspector General ("DOL-OIG"), and Thomas Licetti, Acting New York Regional Director of the U.S. Department of Labor-Employee Benefits Security Administration ("DOL-EBSA"), announced that SALVATORE ARMAO, the founder and managing partner of an accounting firm (the "Firm"), pled guilty today to making false filings with DOL in order to conceal an embezzlement scheme in which more than \$100,000 was embezzled from a labor union (the "Union") and its employee welfare benefit plan (the "Plan"). ARMAO pled guilty before United States District Judge Vernon S. Broderick.

U.S. Attorney Geoffrey S. Berman said: "As a professional accountant and certified fraud examiner, Salvatore Armao was supposed to serve as a check on labor fraud, not a facilitator of it. As he admitted today, Armao knowingly submitted false filings with the Department of Labor and the Internal Revenue Service in order to facilitate and conceal a long-running embezzlement scheme involving a labor union."

DOL-OIG Special Agent-in-Charge Michael C. Mikulka said: "Salvatore Armao, a CPA and Certified Fraud Examiner for Armao LLP, should have been the first line of defense in protecting the members of a union, and the fund serving members and their families. Instead, he abused his position by filing false documents to conceal a multi-year embezzlement scheme. We will continue to work with the Employee Benefit Security Administration, the Office of Labor-Management Standards, and our law enforcement partners to safeguard the assets of union members."

DOL-EBSA Acting New York Regional Director Thomas Licetti said: "Accurate reporting is an essential part of maintaining employee benefit plan integrity. EBSA's efforts in this case exemplify our commitment to protecting employee benefits and working in coordination with fellow federal agencies."

According to the allegations in the Complaint and the Information to which ARMAO pled guilty, as well as statements made in court:

From at least in or about 2010 through in or about 2014, the president of the Union, who also served as a trustee of the Plan (the “President-Trustee”), repeatedly used Union funds to pay for his personal expenses, including payments for spa treatments, a gym membership, a second car, medical expenses, dues for an actors’ union, personal credit card charges, and ATM cash withdrawals. The President-Trustee used his Union credit card to pay for personal expenses and then “reimbursed” the Union with funds transferred from the Plan. In total, the President-Trustee embezzled more than \$100,000 from the Union over approximately three years.

During the period of the embezzlement, the Firm served as the accountant and auditor for the Union and the Plan. To facilitate and conceal the President-Trustee’s embezzlement, ARMAO falsely classified as “loans” the personal expenses for which the President-Trustee paid using Union and Plan funds in accounting records and in DOL filings for the Union. In at least 2012, 2013, and 2014, ARMAO falsely classified the President-Trustee’s personal expenses as loans in DOL filings for the Union. ARMAO also provided false information on DOL filings for the Plan, concealing from DOL the President-Trustee’s prohibited transfers of tens of thousands of dollars from the Plan to the Union which, in turn, facilitated and concealed the President-Trustee’s use of Union funds to pay his personal expenses. ARMAO repeatedly caused these false filings to be made to DOL despite being a Certified Fraud Examiner.

Under the terms of his plea agreement, ARMAO has agreed to a 13-year ban, pursuant to 29 U.S.C. §§ 504 and 1111, which generally prohibits him from, among other things, being employed by a labor union or employee benefit plan.

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SALVATORE ARMAO, 64, of Howard Beach, New York, pled guilty to a one-count Information charging him with making false statements in employee benefit plan records and reports required by the Employee Retirement Income Security Act of 1974 (“ERISA”). This offense carries a maximum sentence of five years in prison. The statutory maximum sentence is prescribed by Congress and is provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge. ARMAO’s sentencing is scheduled for November 8, 2018, at 2:30 p.m., before Judge Broderick.

Mr. Berman praised the DOL’s Office of Inspector General, Employee Benefits Security Administration, Office of Chief Accountant, and Office of Labor-Management Standards for their outstanding work on this investigation. Mr. Berman also thanked the Federal Bureau of Investigation and the Department of Justice’s Labor-Management Racketeering Unit of the Organized Crime and Gang Section for their assistance.

This matter is being handled by the Office’s Complex Frauds and Cybercrime Unit. Assistant United States Attorney Michael D. Neff is in charge of the prosecution.

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