

NEWS

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Four Former Union Officers and Employees, as Well as the Union's Accountant, Indicted in Embezzlement Scheme

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NEWARK – Four former labor union officers and employees, as well as the union's accountant, were indicted today for their scheme to embezzle more than \$250,000 from the International Union of Production, Clerical and Public Employees Local 911, U.S. Attorney Christopher J. Christie announced.

The eight-count Indictment describes an embezzlement scheme in which the defendants' main objective was to generate salaries for family members and friends of August "Augie" Vergallito, 72, of Brick, a former officer at Local 734 of the Laborers International Union of North America, who was barred from union activity in 1996 after a conviction for filing false ERISA documents. ERISA documents are publicly available financial reports required to be submitted annually to the Department of Labor by union officers in order to accurately disclose to union members and others the details a union's welfare and pension funds.

The Indictment alleges that Augie Vergallito's daughter, Kimberly Vergallito, 42, of Brick, was given a no-show job in 1999 when she was placed on the payroll of the International Union of Production, Clerical and Public Employees Local 911 (Local 911) as an Executive Board member and paid \$58,000. Within three years, Kimberly was being paid \$91,000 even though she did little to no work as an officer for the union. Augie Vergallito's wife, Rhoda Vergallito, 72, of Brick, was similarly placed on Local 911's payroll in October 2004, purportedly to perform the function of office manager, after she had been terminated from a similar no-show position at Local 734 of the Laborers International. She was initially paid \$35,000 as Local 911's office manager; in 2005, her salary was raised to \$58,000.

Charles Purcel, 46, of Wayne, who was the accountant for Local 911, allegedly created a fictional president of Local 911 and, along with Kimberly, conducted the union's financial business for approximately five years using a forged signature stamp. Isaac Barocas, 66, of Brick, a business associate and long time friend of Augie Vergallito's, was on the Local 911's payroll from 1998 through early 2001, and then again in 2005, even though he did no work for the union. Between 2002 and 2004, Barocas allegedly held a no-show job at Local 734.

Count One of the Indictment charges August "Augie" Vergallito, Rhoda Vergallito, Kimberly Vergallito, Barocas, and Purcel with conspiring to embezzle in excess of \$250,000 from Local 911 between 1999 and 2006 through "no show" and "low show" jobs. Count Two charges Purcel and Kimberly Vergallito with conspiring to forge Local 911 checks through the use of a name and signature of a fictitious person whom they falsely purported to be Local 911's president. Counts Three through Six charge Purcel and Kimberly Vergallito with filing false LM-2 financial reports with the Department of Labor for the years 2001 through 2004. LM-2 financial reports are publicly available financial reports required to be submitted annually to the Department of Labor by union officers in order to accurately disclose to union members and others the details of, among

other things, the assets, receipts and disbursements of a union. Count Seven charges Kimberly Vergallito with false declarations before a federal grand jury. Count Eight charges Isaac Barocas with attempting to assault a federal agent while in the process of serving a grand jury subpoena.

The defendants will be arraigned on the Indictment in the coming weeks once a U.S. District Judge has been assigned the case.

Count One, which charges conspiracy to embezzle from the Local 911, carries a maximum sentence of 5 years in prison and a fine of \$250,000. Count Two charges conspiracy to utter forged checks and carries a maximum sentence of 5 years in prison and a \$250,000 fine. Counts Three through Six, which charge making false statements to Department of Labor, each count carries a maximum sentence of 5 years in prison and a \$250,000 fine. Count Seven, which charges making false declarations in the grand jury, carries a maximum sentence of 5 years in prison and a \$250,000 fine. Count Eight charges assault on a process server, which carries a one year term of incarceration and a \$100,000 fine.

In determining an actual sentence, the judge to whom the case is assigned would, upon a conviction, consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Despite indictment, all defendants are presumed innocent unless proven guilty beyond a reasonable doubt.

Christie credited Special Agents from the U.S. Department of Labor, Office of Inspector General, under the direction of Inspector General Gordon Heddell, well as Agents from the U.S. Department of Labor (EBSA), under the direction of Jonathan Kay, New York Regional Director, with the investigation leading to the Indictment.

The case was presented to the grand jury by Assistant U.S. Attorney V. Grady O'Malley, Chief of the Strike Force Unit in Newark.

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