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PRESS RELEASE

**UNITED STATES FILES RACKETEERING CASE AGAINST
THE INTERNATIONAL LONGSHOREMEN'S
ASSOCIATION AND TOP ILA OFFICIALS**
*Civil Complaint Seeks Imposition of Trusteeships over the Union and its
Union Benefit Funds and an Order Barring Union Officials and
Organized Crime Members from the Union, its Benefit Funds and the
Waterfront*

ROSLYNN R. MAUSKOPF, United States Attorney for the Eastern District of
New York, **MARK J. MERSHON** Assistant Director-in-Charge of the Federal Bureau of
Investigation, New York Field Division, **GORDON S. HEDDELL**, Inspector General for the
United States Department of Labor, and **MICHAEL C. AXELROD** and **MICHAEL J.
MADONNA**, Commissioners of the Waterfront Commission of New York Harbor, announced

the filing today of a complaint under the civil provisions of the Racketeer Influenced and Corrupt Organizations Act (“RICO”) against the INTERNATIONAL LONGSHOREMEN’S ASSOCIATION, AFL-CIO (“ILA”), certain top ILA officials, including the ILA’s long-time president, JOHN BOWERS, various ILA employee health, welfare and pension benefit plans, and several organized crime members. The charges are based on decades of evidence relating to corruption and organized crime influence within the union and businesses operating on the New York/New Jersey waterfront and the Port of Miami (the “waterfront”).¹ The case announced today is the first prosecution brought against the ILA under the RICO statute² and seeks court-ordered relief to impose trusteeships responsible for reforming and overseeing the union and its benefit plans, and to bar current union officials and organized crime members from the waterfront and from managing or influencing the operations of the union and its benefit funds.

Organized Crime Control of the Waterfront and the ILA

_____The ILA, headquartered in New York City, has 45,000 members working in ports from Maine to Texas, including the Ports of New York and New Jersey. The ILA plays a critical role in the movement of manufactured, agricultural, and other goods throughout the Eastern seaboard, and it has a major impact on the nation’s commercial activities. The ILA is governed by an Executive Council, currently consisting of 31 ILA officials with broad power and authority to run the operations of the union and oversee its Locals, and is led in all matters of importance

¹ The charges in the complaint are merely allegations, and the defendants are presumed not liable unless and until proven otherwise.

² In 1990, the United States brought a RICO action against several ILA locals. United States v. Local 1804-1, et al., No. 90 Civ. 0963 (SDNY) (LBS). That case was resolved by consent decree in 1991-92.

by the “big six” ILA Executive Officers, four of whom are named defendants in today’s filing as having conspired to commit acts of racketeering -- President JOHN BOWERS,³ ILA Secretary-Treasurer ROBERT E. GLEASON, Executive Vice-President ALBERT CERNADAS, and Assistant General Organizer HAROLD J. DAGGETT.⁴

For decades the waterfront has been the setting for corruption and violence stemming from organized crime’s influence over labor unions operating there, including the ILA and its affiliated Locals, as well as port-related businesses. Since the late 1950’s, two organized crime families -- the Gambino family and the Genovese family -- have shared control of various ports, with the Gambino family primarily exercising its influence at commercial shipping terminals in Brooklyn and Staten Island, and the Genovese family primarily controlling those in Manhattan, New Jersey and the Port of Miami.

Today’s civil complaint follows several recent federal criminal prosecutions in the Eastern District of New York linking the leadership of the Genovese and Gambino organized crime families to various top ILA officials. United States v. Bellomo, et al. and United States v. Gotti, et al. resulted in convictions of more than a dozen high-level members and associates of these two crime families for their roles in controlling the docks along the Eastern seaboard. The

³ BOWERS has been President of the ILA since 1987, having previously served for 24 years as Executive Vice-President, the second highest position in the union.

⁴ BOWERS, GLEASON, CERNADAS, and DAGGETT, together with ILA Vice-President ARTHUR COFFEY, Gambino family boss PETER GOTTI, Gambino family captain ANTHONY CICCONE, Gambino family soldier JEROME BRANCATO, and Genovese family associate JAMES CASHIN are named as racketeering defendants. Other ILA officers, the ILA’s national health plan, certain ILA employee welfare and pension benefit plans, as well as the Boards of Directors of two ILA welfare and pension benefit funds and an employer association, are named as nominal defendants to ensure that the United States obtains the full relief it seeks to end the Genovese and Gambino influence on the waterfront.

Gotti convictions included three organized crime defendants named in today's filing -- Gambino family boss PETER GOTTI, former ILA official and Gambino family captain ANTHONY CICCONE, and JEROME BRANCATO, a Gambino family soldier. The Bellomo convictions included Genovese acting bosses Liborio Bellomo and Ernest Muscarella, and Andrew Gigante, owner of several waterfront businesses and the son of Genovese family boss Vincente "Chin" Gigante. In May 2003, Bellomo, Muscarella, Andrew Gigante and four other Genovese family members and associates entered into consent decrees barring them from waterfront businesses and from any involvement with the ILA or its benefit funds. In addition, several high-ranking ILA officials are under indictment in the Eastern District for extortion and fraud conspiracies. United States v. Coffey, et al.

The Enterprise and Racketeering Activity

_____As alleged in the complaint, the racketeering enterprise constituted the ILA, various of its District Councils and Locals, certain current and former ILA officials, various welfare and pension benefit funds managed for the benefit of ILA members, certain businesses and an employer association operating on or near the waterfront, and various members of the Gambino and Genovese organized crime families. The complaint alleges that the enterprise's purpose was to control and influence labor unions and waterfront businesses in order to enrich its members and their associates, and that several defendants participated in a broad range of unlawful acts from 1995 through the present, including:

- In 2000, BOWERS, GLEASON, CERNADAS, DAGGETT, COFFEY, CICCONE, BRANCATO, and JAMES CASHIN conspired to rig the election of high-ranking ILA officials. The centerpiece of the scheme was the placement of DAGGETT, a longtime Genovese family associate, in the position of ILA assistant general organizer. By virtue of his election to this position, at a special

election conducted without vote by the general ILA membership, DAGGETT became a member of the ILA's governing Executive Council and eligible to succeed ILA President BOWERS, a Genovese family associate, upon BOWERS' eventual retirement. In exchange for agreeing to DAGGETT's election, the Gambino family secured the Genovese family's support for the placement of Gambino family associates in other positions of power within the ILA.

- Beginning in 1997, BOWERS, GLEASON, CERNADAS, DAGGETT, COFFEY, CICCONE, and CASHIN conspired to award an important ILA welfare benefit fund contract to a company affiliated with organized crime. In addition to being members of the ILA's governing Executive Council, BOWERS, GLEASON, CERNADAS, DAGGETT, and COFFEY served on the Board of Trustees of defendant MANAGEMENT-INTERNATIONAL LONGSHOREMEN'S ASSOCIATION MANAGED HEALTH CARE TRUST FUND ("MILA"), which provides health insurance and prescription drug coverage nationally for a number of ILA locals. Specifically, the defendants conspired to award MILA's pharmacy benefit manager ("PBM") contract to GPP/VIP, Inc., a company co-owned by Gambino family associate Vincent Nasso, who has pleaded guilty in the Eastern District of New York for his role in the MILA PBM scheme. In exchange for receiving the contract, GPP/VIP made kickback payments to the Gambino and Genovese families.⁵
- In furtherance of their scheme to control and dominate the New York/New Jersey waterfront and The Port of Miami, the Genovese and Gambino families placed organized crime members, associates, and relatives into high-ranking positions on the ILA's governing Executive Council and into positions as trustees of ILA pension, welfare and benefit funds. These individuals included current ILA President BOWERS, current ILA Secretary-Treasurer GLEASON, current ILA Executive Vice-President CERNADAS, current ILA Assistant General Organizer DAGGETT, ILA Vice-President COFFEY, former ILA Vice-President Frank Scollo, and former ILA Vice-President Frank Lonardo.
- DAGGETT and CASHIN defrauded the beneficiaries of THE METROPOLITAN MARINE CONTRACTOR'S ASSOCIATION ("METRO")-ILA Funds -- ILA pension and welfare funds -- by awarding a PBM contract to a company associated with organized crime, by granting a mental health care benefits contract to a company that had paid CASHIN to act as a consultant, and by seeking to appoint as an investment advisor to the METRO-ILA Funds an organized crime associate.

⁵ The DAGGETT election scheme and the PBM contract scheme were among the crimes charged in the Gotti and Bellomo cases cited above.

- In exchange for obtaining and keeping their high-paying positions with the ILA, ILA officials, including BOWERS, GLEASON, CERNADAS, DAGGETT, and COFFEY, breached their fiduciary duties owed to the ILA membership by acting on behalf of parties whose interests are adverse to the ILA, including organized crime figures.
- BOWERS, GLEASON, and DAGGETT violated the terms of Consent Decrees that they had entered into in United States v. Local 1804, International Longshoremen's Association, by associating with organized crime figures and committing and otherwise conspiring with organized crime figures in the commission of racketeering acts.
- GOTTI, CICCONE, and BRANCATO obtained money and property from businesses operating on the piers in New York (including Bridgeside Drayadge operating at the Howland Hook Marine Terminal in Staten Island) and New Jersey through extortion and fraud.
- GOTTI, CICCONE, and BRANCATO illegally laundered the proceeds of the kickback schemes involving MILA and extortion schemes involving Howland Hook Terminal and Bridgeside Drayadge.

Relief Sought

_____ This case seeks to end organized crime's control of the ILA and its benefit funds through court-ordered relief, including the imposition of trusteeships over the ILA, MILA, and the METRO-ILA FUNDS, which would effect reform and be responsible for overseeing various operations of these entities. The complaint also seeks court-ordered relief to permanently bar ILA President JOHN BOWERS, ILA Secretary-Treasurer ROBERT E. GLEASON, ILA Executive Vice-President ALBERT CERNADAS, ILA Assistant General Organizer HAROLD J. DAGGETT, ILA Vice-President ARTHUR COFFEY, Gambino family boss PETER GOTTI, Gambino family members ANTHONY CICCONE and JEROME BRANCATO, and Genovese family associate JAMES CASHIN, and all other organized crime associates acting in concert with them, from any future involvement with the ILA or any ILA welfare or pension benefit

funds.

Specifically, the complaint seeks an order:

- Enjoining and restraining any defendant found to have violated the RICO statute from:

committing any act of racketeering activity in the future,

participating in any way in the affairs of the ILA,

participating in any way in the affairs of any ILA pension or welfare plan,

occupying a position of trust in any labor organization,

having any involvement in the administration or management of any pension or welfare plan,

knowingly associating with any member of any criminal group,

having any dealings with waterfront unions or businesses, and

interfering with any trustee appointed by the Court to oversee the operations of the ILA and its welfare and pension plans.

- Removing and enjoining BOWERS, GLEASON, CERNADAS, DAGGETT, and COFFEY from

holding membership or any office in the ILA, and

any position with any ILA pension or welfare plan.

- Enjoining the ILA, MILA, the MILA Board, the METRO-ILA Funds, the Boards of Trustees of the METRO-ILA Funds, and METRO from

committing any act of racketeering activity,

knowingly associating with any member of any criminal group, and

interfering with any officer appointed by the Court.

- That new elections for the ILA Executive Council be conducted and that such elections be run by a Court-Appointed Officer in accordance with rules to be

established by the Court-Appointed Officer.

- That until such time as free and fair elections can be held pursuant to the preceding paragraph, the Court-Appointed Officer for the ILA be empowered to prevent racketeering activity and to discharge any of the duties and responsibilities of the ILA Executive Council (other than negotiating and entering into collective bargaining agreements).
- That Court-Appointed Officer(s) be appointed to oversee the operations of the ILA, MILA, the MILA Board, the METRO-ILA Funds, and the Boards of Trustees of the METRO-ILA Funds until such time as these entities are free from organized crime control and infiltration.
- That the defendants found to have violated the RICO statute disgorge the proceeds of their racketeering activity and that such proceeds be distributed to the victims of those violations and used to fund the cost of Court-Appointed Officers.

“For decades, corrupt ILA officials and their organized crime partners have maintained a stranglehold on the waterfront, enriching themselves through ‘mob taxes’ siphoned from hardworking union members and legitimate businesses operating in New York and in other major ports throughout the Eastern seaboard,” stated United States Attorney **MAUSKOPF**. “Today’s historic filing builds upon and adds another dimension to the series of successful criminal prosecutions brought in this district. It seeks -- once and for all -- to end mob domination of this important labor union and put its future back into the hands of the rank-and-file members it was designed to serve.” Ms. **MAUSKOPF** expressed her grateful appreciation to the New York State Attorney General’s Organized Crime Task Force and the Richmond County District Attorney’s Office for their assistance in the Gotti criminal prosecution, as well as the New York City Police Department for its assistance in the Bellomo and Gotti prosecutions.

FBI Assistant Director-in-Charge **MERSON** stated, “The hard-working

rank-and-file members of the ILA were denied the right to fair and honest representation when members of the Gambino and Genovese crime families conspired to fix the selection of certain union officers. Pension and health plans intended to benefit the union membership were pillaged for the unjust enrichment of those corrupt, self-dealing union officials and their mob associates. Conditions reminiscent of ‘On the Waterfront’ have no place in this day and age. We are steadfast in our resolve to clean up the ILA and keep it clean.”

Department of Labor Inspector General **HEDDELL** stated, “When the influence of organized crime permeates every aspect of union activities, control of the union is removed from its members. Those involved in this criminal enterprise have victimized not only the union membership, but also all who do business through the piers of New York City, and the consumers who incur additional costs for goods and services. We will continue to work closely with other law enforcement agencies to break the stranglehold of corruption and extortion by organized crime families over the unions and to end the long-standing domination of the unions by corrupt union officials.”

Commissioners **AXELROD** and **MADONNA** from the Waterfront Commission jointly stated, “This civil RICO suit is the result of a collaborative effort that we participated in with the FBI, the U. S. Department of Labor, and the U. S. Attorney’s Office for the Eastern District of New York. Our mission is to investigate, deter, combat, and remedy criminal activity and influence in the Port of New York-New Jersey and to ensure fair hiring and employment practices so that the Port and region can grow and prosper. Today, we have taken another significant step in furtherance of our mission. The Waterfront Commission will continue to uphold the integrity of this great Port as well as the integrity of the overwhelming majority of the

honest and hardworking long shore workforce that is the backbone of the Port.”

The government’s case is being prosecuted by Assistant United States Attorneys

Richard K. Hayes and Kathleen A. Nandan.

The Defendants:

INTERNATIONAL LONGSHOREMEN’S
ASSOCIATION, AFL-CIO,
JOHN BOWERS, President,
ROBERT E. GLEASON, Secretary-Treasurer,
ALBERT CERNADAS, Executive Vice-President,
BENNY HOLLAND, JR., General Vice-President,
GERALD OWENS, General Organizer,
HAROLD J. DAGGETT, Assistant General Organizer,
HORACE T. ALSTON, Vice-President,
JORGE L. APONTE FIGUEROA, Vice-President,
CHAUNCEY J. BAKER, Vice-President,
JOHN D. BAKER, Vice-President,
JOHN BOWERS, JR., Vice-President,
EDWARD L. BROWN, SR., Vice-President,
TIMOTHY BROWN, Vice-President,
JAMES A. CAMPBELL, Vice-President,
RONALD CAPRI, Vice-President,
CHARLES CHILLEMI, Vice-President,
ARTHUR COFFEY, Vice-President,
RAYMOND DESGAGNES, Vice-President,
MICHAEL DICKENS, Vice-President,
CLYDE FITZGERALD, Vice-President,
PERRY C. HARVEY, Vice-President,
STEPHEN KNOTT, Vice-President,
JOHN H. MACKEY, Vice-President,
JAMES T. MCCLELAND, JR., Vice-President,
WILLIAM R. MCNAMARA, Vice-President,
JAMES H. PAYLOR, JR., Vice-President,
LOUIS PERNICE, Vice-President,
KENNETH RILEY, Vice-President,
RAYMOND SIERRA, Vice-President,
HARRISON TYLER, Vice-President,
REUBEN WHEATLEY, Vice-President,

PETER GOTTI,
ANTHONY CICCONE, a/k/a “Sonny,”
JEROME BRANCATO, a/k/a “Jerry,”
JAMES CASHIN,
THE MANAGEMENT - INTERNATIONAL
LONGSHOREMEN’S ASSOCIATION
MANAGED HEALTH CARE TRUST FUND,
THE BOARD OF TRUSTEES OF THE MANAGEMENT -
INTERNATIONAL LONGSHOREMEN’S
ASSOCIATION HEALTH CARE TRUST FUND,
THE METROPOLITAN MARINE MAINTENANCE
CONTRACTORS’ ASSOCIATION,
THE METRO-ILA FRINGE BENEFIT FUND,
THE BOARD OF TRUSTEES OF THE METRO-ILA
FRINGE BENEFIT FUND,
THE METRO-ILA PENSION FUND,
THE BOARD OF TRUSTEES OF THE METRO-ILA
PENSION FUND,
THE METRO-ILA INDIVIDUAL ACCOUNT
RETIREMENT FUND,
THE BOARD OF TRUSTEES OF THE METRO-ILA
INDIVIDUAL ACCOUNT RETIREMENT FUND