



U.S. Department of Justice

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CRETE MAN SENTENCED TO SEVEN YEARS IN FEDERAL PRISON FOR PAYING GRAFT TO UNION LOCAL OFFICIALS, AND FOR EMBEZZLING FROM AND DEFRAUDING UNION LOCAL PENSION AND WELFARE BENEFIT PLANS OF \$6.9 MILLION

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, JAMES VANDERBERG, Special Agent-In-Charge of the Chicago Region of the United States Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, and KENNETH M. BAZAR, Regional Director of the Chicago Regional Office of the United States Department of Labor, Employee Benefits Security Administration, today made the following announcement:

United States District Judge Philip G. Reinhard today sentenced **MICHAEL G. LINDER**, 61 (DOB: 8/14/45), Crete, Illinois, to 7 years in federal prison for paying graft to two union local officials and for embezzling from and defrauding numerous union local pension and welfare benefit plans of more than \$6.9 million. Linder will not be eligible for parole. The court also ordered Linder to serve three years on supervised release following prison and to pay \$6,595,299 in restitution to the union local pension and welfare benefit plans. Linder pleaded guilty to the graft charges on December 10, 2004. On June 30, 2006, Linder pleaded guilty to defrauding eleven union local pension plans of \$5,000,000 and embezzling \$1,930,154 from five union local pension and health and welfare benefit plans. The pension and health and welfare plans that were victimized included those of the Ironworkers Local 498 located in Rockford, Illinois.

Linder was the President of Joseph/Anthony and Associates, Inc. ("Joseph/Anthony"), a corporation located in Matteson, Illinois. Joseph/Anthony was a third-party administrator for pension plans of various union locals, including Ironworkers Locals 111 (Rock Island), 112 (East Peoria), 136 (also referred to as Machinery Movers Local 136 in River Grove), 380 (Urbana), 465 (Kankakee), and 498 (Rockford), Sheet Metal Workers Locals 218(D) (Decatur) and 218(S) (Springfield), Plumbers and Pipefitters Locals 149 (Savoy) and 612 (DeKalb), Painters District Council Local 58 (Collinsville), and Plasterers and Cement Masons Local 18 (Peoria). Joseph/Anthony was also a third-party administrator for health and welfare benefit plans of Machinery Movers Local 136 (River Grove) and Ironworkers Local 498 (Rockford).

Between 1997, and September 23, 2003, Linder defrauded the union local pension benefit plans by recommending to the trustees of the plans that they change their investments to mutual funds being administered by Nationwide Life Insurance Company (“Nationwide”). However, instead of causing the plans’ assets to be invested in mutual funds, Linder caused the assets to be invested with Nationwide in group annuity contracts. Under those contracts and Joseph/Anthony’s own contract with Nationwide, Joseph/Anthony and another corporation operated by Linder received more than \$5 million in fees and commissions. Linder either did not disclose to the trustees of the plans that he would receive the fees and commissions, or disclosed the fees and commissions to a single trustee but not to the board of trustees. Linder admitted that he signed and forged the names of some of the trustees on the group annuity contracts with Nationwide to hide the fact that the plans had entered into the contracts.

Between January 1996, and September 30, 2003, Linder also embezzled more than \$1.9 million from three pension and two health and welfare plans, including two benefit plans of the Ironworkers Local 498. Linder set up bank accounts for each plan to be used to pay premiums on life insurance or stop-loss insurance policies. Linder then billed each plan purportedly for the insurance premiums that were due. However, the amount billed exceeded the actual amount of premiums that were due and owing, and Linder secretly siphoned off the excess amounts.

During his scheme to defraud the pension and welfare benefit plans and his embezzlements from those plans, Linder provided union local officials with graft payments. On January 15, 1999, Linder gave a new 1999 Harley Davidson motorcycle valued at \$19,808.10 to Thomas Kisting, who at that time was the Business Agent for Ironworkers Local 498, and the Plan Administrator for Local 498's two pension funds. Linder gave the motorcycle to Kisting because of Kisting’s actions, decisions and other duties relating to the pension funds. Kisting was charged with receiving the graft from Linder. Kisting was convicted after a jury trial and was previously sentenced to one year and one day in federal prison.

Linder gave a different 1999 Harley Davidson motorcycle valued at \$19,060 to Fred Schreier, who at that time was President of Machinery Movers Local 136 and a trustee for two pension benefit plans of Machinery Movers Local 136. Linder gave the motorcycle to Schreier because of Schreier’s actions, decisions and other duties relating to the pension funds. Schreier was also charged with and convicted of receiving the graft from Linder.

Gordon S. Heddell, Inspector General of the Department of Labor, stated, “Service providers of union-sponsored pension plans who engage in embezzlement and the corrupt influence of plan officials seriously violate the trust of plan participants. Today’s sentencing demonstrates our resolve in fighting all forms of labor racketeering. My office is committed to working with other law enforcement agencies and the United States Attorney to this end.”

The investigation also led to Michael J. Brdecka being convicted of providing \$9,700 in graft to Linder because of Linder's decisions relating to investment decisions of pension and health and welfare benefit plans. All of these cases have been investigated by the Chicago offices of the Department of Labor, Office of Labor Racketeering and Fraud Investigations, and the Employee Benefits Security Administration. All of the cases have been prosecuted in federal court by Assistant United States Attorney JOHN G. McKENZIE.

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