10-0403 VGOM

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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| UNITED STATES OF AMERICA | : | Criminal No. 12- 702(WJM) |
| v. | : | |
| | | 18 U.S.C. §§ 371, 664 & 2 |
| RICHARD DRESSEL aka "Buzzy" | | 29 U.S.C. § 501(c) |
| JOHN DEBOUTER | : | |

# I N D I C T M E N T

The Grand Jury in and for the District of New Jersey, sitting in Newark, charges:

## Introduction

## Count One
## (Conspiracy to Embezzle from Local 164)

## Background

1. At all times relevant to this Indictment, unless otherwise stated:

## The Defendant and Other Entities

(a) Local 164 of the International Brotherhood of Electrical Workers (hereinafter "Local 164") was a "labor organization" within the meaning of the provisions of Title 29, United States Code, Sections 402(i) and 402(j). It represented and admitted to membership individuals who were employed as electricians in the State of New Jersey. Local 164 filed a Form

LM-2 Labor Organization Annual Report each year.

(b) Local 164 sponsored the Joint Apprentice Training Fund (hereinafter JATF), an employee welfare benefit plan subject to Title I of the Employee Retirement and Income Security Act of 1974 ("ERISA"), as defined by Title 29, United States Code, Section 1002(1) and 1003(a). The JATF, headquartered in Paramus, New Jersey, was a non-profit program created to provide the training necessary to develop practical and skilled electricians. An apprentice was an individual who had been accepted into the Apprentice Training Program and was required to complete a course of study that resulted in a certification as a journeyman electrician. The JATF was administered by a board of trustees as part of the JATF Executive Board, who were responsible for the management of the apprenticeship and training program, its money and other plan assets.

(c) Defendant RICHARD DRESSEL was employed by Local 164 as its Business Manager from at least as early as 1999 to the present. According to the Constitution of the International Brotherhood of Electrical Workers and the by-laws of Local 164, Defendant DRESSEL was the principal officer of Local 164. As such, he was an officer and representative of a labor organization as described in Title 29, United States Code, Section 402(q) and was a fiduciary, pursuant to Section 501(a) of

Title 29, United States Code. As a fiduciary, Defendant DRESSEL had a duty and obligation to: (1) hold the money and funds of Local 164 solely for the benefit of the union and its members as a group; (2) to manage and expend Local 164's funds in accordance with its constitution, by-laws, and applicable resolutions of its executive board; and (3) to avoid acting, directly or indirectly, on his own personal behalf or for the benefit of any party whose interests were adverse to the interests of Local 164.

Defendant RICHARD DRESSEL was also a JATF plan trustee and acted as a fiduciary with respect to the JATF to the extent that he was responsible for administering the JATF program, advised the JATF's Executive Board, and exercised discretionary authority and control respecting the management and disbursement of JATF monies and other plan assets. As a fiduciary, Defendant Dressel had an obligation to discharge his duties with respect to the JATF plan (1) solely in the interest of the JATF plan participants and their beneficiaries; (2) for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the JATF plan; (3) with the skill, care, prudence and diligence of a reasonable person under the circumstances, in regard to the JATF plan; (4) in accordance with the documents and instruments governing the JATF plan; and (5) to avoid acting, directly or indirectly, in his own self

interest in dealing with assets of the JATF plan pursuant to Title 29 United States Code, Sections 1104 and 1106.

(d) Defendant JOHN DEBOUTER was President of Local 164 and the Director of the JATF. As an officer of Local 164, he was a fiduciary with duties and obligations identical to his co-defendant RICHARD DRESSEL. Furthermore, Defendant DEBOUTER, as director of the JATF, was also a trustee of the JATF plan and was required to act in accordance with the statutory obligations, as described in paragraph (c) above.

(e) C.M. an unindicted co-conspirator, was Secretary Treasurer of Local 164.

(f) Ship to Shore was a business that provided catering services. It was owned and operated by K.L., a coconspirator not indicted herein, who from in or before January 2008 to the present was the girlfriend, fiancee and wife, respectively, of defendant RICHARD DRESSEL.

(g) In or about January 2008, defendants RICHARD DRESSEL and JOHN DEBOUTER established a comprehensive drug and alcohol policy and program that was formulated to cover all active Local 164 members, apprentice electricians, as well as Contractors, Traveling Electricians, Organizers and Business Representatives. The program stipulated that every active union member participate in mandatory drug and alcohol testing, at least once a year. In

addition, at least 25% of the membership would also be randomly sampled throughout the year. It was funded by National Electrical Contractors Association (hereinafter NECA) which represented employers who hired, among others, the Local 164 journeymen and apprentices.

(h) In or about March 2008, defendants RICHARD DRESSEL and JOHN DEBOUTER instituted the "Captive Lunch Program" at the JATF. The lunch program was implemented purportedly to counteract an alcohol abuse problem amongst apprentices while taking classes on the Local 164 campus.

(i) In March 2008, unindicted coconspirator K.L., dba as Ship to Shore, was awarded the "Captive Lunch Program", without submitting a bid or any similar application and not through any competitive selection process. At the same time, she was also hired by the Defendant RICHARD DRESSEL as a member of the Local 164 office staff, for which she received an additional salary and approximately 50% in fringe benefits.

(j) Paul Central Corp. was created as a subsidiary organization, wholly owned by Local 164, to operate the Robin Road, N.J. building that housed Local 164, its employee benefit plans and other tenants. As a subsidiary organization, the assets of Paul Central Corp. were the property of Local 164. It was controlled by defendants RICHARD DRESSEL, JOHN DEBOUTER and

unindicted conspirator K.L.

(k) In or about 2007, Realty Company #1 was retained to manage the Local 164 Robin Road Building, owned by Paul Central Corp. [as identified in paragraph (j)], to: (a) act as a broker; (b) to negotiate tenant leases and service provider agreements; (c) to collect rents from tenants; (d) to file appropriate property tax forms with the county and the state; and (e) liaise between the Local 164 and its tenants.

2. From in or about January, 2008 through March, 2010, in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER,

while officers and persons employed by Local 164, a labor organization engaged in an industry affecting commerce, knowingly and intentionally conspired and agreed with each other and others to commit an offense against the United States; namely, to embezzle, steal, and unlawfully and willfully abstract and convert to their use and the use of others, money, funds, securities, property, and other assets of Local 164, namely approximately $145,973 in salary and benefit disbursements to coconspirator K.L., contrary to Title 29, United States Code, Section 501(c).

## Object of the Conspiracy

3. The object of the conspiracy was for defendants RICHARD DRESSEL and JOHN DEBOUTER to enrich unindicted coconspirator K.L. directly, and defendant DRESSEL indirectly, by embezzling approximately $145,973 in money and funds belonging to Local 164 by granting unauthorized salary disbursements to K.L. that furthered no legitimate purpose for Local 164 IBEW or its members.

## Manner and Means

4. It was part of the conspiracy that, in March 2008, defendants RICHARD DRESSEL and JOHN DEBOUTER in their capacities as the Business Manager and President, respectively, of Local 164, and contrary to their fiduciary duties to the local and its members, placed unindicted coconspirator K.L. on the office staff of Local 164, without any intended role or job function. Thereafter, K.L. was initiated as a union member, who was entitled to receive and did receive approximately 50% in fringe benefits, including health care, pension and annuity fund coverage;

5. It was further part of the conspiracy that from approximately March 2008 through January 2009 unindicted coconspirator K.L. was paid approximately $75,554 in salary and fringe benefits from Local 164 for office staff duties which she

failed to perform, and for which she provided no legitimate benefit to the union or its members;

6. It was further part of the conspiracy that, on or about January 1, 2009, defendants RICHARD DRESSEL and JOHN DEBOUTER rewarded unindicted coconspirator K.L. with a $31,000 salary increase, despite having provided the union and its members no legitimate prior benefit or services warranting such action;

7. It was further part of the conspiracy that, in or about February 2009, defendant RICHARD DRESSEL directed unindicted coconspirator K.L. to begin interacting with Realty Company #1 at the Robin Road building. Defendant DRESSEL mandated that K.L. commit twenty (20) hours per week to said assignment. As a result, for the period from February 2009 through February 2010, K.L. received approximately $140,839 in salary and fringe benefits from Local 164, of which approximately $70,420 was for office staff duties, which she failed to perform, and for which she provided no legitimate benefit to the union or its members.

**Overt Acts**

8. In furtherance of the conspiracy and to effect its unlawful object, defendants RICHARD DRESSEL and JOHN DEBOUTER and other conspirators committed and caused to be committed the following overt acts, among others, in the District of New Jersey and elsewhere:

a. In or about March 2008, defendants RICHARD DRESSEL and JOHN DEBOUTER placed unindicted coconspirator K.L. on the Local 164 payroll;

b. Between March 2008 and January 2009 defendants RICHARD DRESSEL and JOHN DEBOUTER disbursed a salary of approximately $75,554 to unindicted coconspirator K.L., for which she provided no legitimate service to Local 164 or its members;

c. In or about January 2009, defendant RICHARD DRESSEL awarded K.L. an unwarranted salary increase of approximately $31,000;

d. Between February 2009 and February 2010 defendants RICHARD DRESSEL and JOHN DEBOUTER paid K.L. a salary of approximately $70,420, for which she provided no legitimate service to Local 164 or its members;

e. In or about March 2009, defendants JOHN DEBOUTER and C.M. submitted a Form LM-2 to the Department of Labor containing false and inaccurate information.

In violation of Title 18 United States Code, section 371.

## COUNT TWO

**(Embezzlement from Local 164 - Salary March 2008 - January 2009)**

1. The allegations set forth in Paragraph 1 and Paragraphs 3-8 of Count One of this Indictment are hereby realleged, as if set forth fully herein.

2. Between in or about March 2008 and in or about January 2009 in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER,

while officers and persons employed by Local 164, a labor organization engaged in an industry affecting commerce, knowingly embezzled, stole, and unlawfully and willfully abstracted and converted to their use and the use of others, money, funds, securities, property, and other assets of Local 164, namely approximately $75,554 in salary and fringe benefit expenditures to K.L., for which she performed no genuine service to Local 164 or its members.

All in violation of Title 29, United States Code, Section 501 (c) and Title 18, United States Code, Section 2.

## COUNT THREE

**(Embezzlement from Local 164 - Salary February 2009 - February 2010)**

1. The allegations set forth in Paragraph 1 and Paragraphs 3-8 of Count One of this Indictment are hereby realleged, as if set forth fully herein.

2. Between in or about February 2009 and in or about February 2010 in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER,

while officers and persons employed by Local 164, a labor organization engaged in an industry affecting commerce, knowingly embezzled, stole, and unlawfully and willfully abstracted and converted to their use and the use of others, money, funds, securities, property, and other assets of Local 164, namely approximately $70,420 in salary and fringe benefit expenditures to K.L., for which she performed no genuine service to Local 164 or its members.

All in violation of Title 29, United States Code, Section 501 (c) and Title 18, United States Code, Section 2.

## COUNT FOUR

**(Conspiracy to Embezzle from JATF)**

1. The allegations set forth in Paragraphs 1 and 3-8 of Count One of this Indictment are hereby realleged, as if set forth fully herein.

2. Between in or about March 1, 2010 to the present, in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER

did knowingly and intentionally conspire and agree with each other, and others, to commit an offense against the United States; namely, to embezzle, steal, and unlawfully and willfully abstract and convert to their own use and the use of others, money, funds, securities, property, and other assets of the JATF, an employee welfare benefit plan subject to ERISA, namely, in excess of $200,000 in expenditures to unindicted coconspirator K.L. for which she performed no genuine service to the JATF, or its participants, contrary to Title 18, United States Code, Section 664.

**Object of the Conspiracy**

3. It was the object of the conspiracy for defendants RICHARD DRESSEL and JOHN DEBOUTER to:

(a) disguise the improper salary and fringe benefit disbursements made by Local 164 to unindicted coconspirator K.L., by seeking repayment of $108,196 from the JATF; and (b) to enrich K.L. directly, and the defendant RICHARD DRESSEL indirectly, by providing an unauthorized source of income from the JATF to K.L., beginning in or about March 1, 2010 to the present, all of which provided no genuine benefit to the JATF or its participants.

**Manner and Means**

4. It was part of the conspiracy that, in advance of the upcoming union elections in July 2010, and with the anticipated disclosure of his fiance's $86,438 annual salary to the membership on March 26, 2010, defendant RICHARD DRESSEL sought the immediate repayment of $108,196 from the JATF to Local 164, representing a portion of K.L.'s Local 164 salaries from March 2008 through February 2010;

5. It was a further part of the conspiracy that, on or about March 1, 2010, defendants RICHARD DRESSEL and JOHN DEBOUTER, improperly increased the cost of the "Captive Lunch Program", and disguised it as a "part time" office position for unindicted coconspirator K.L., which salary provided no genuine benefit to the JATF or its participants;

6. It was a further part of the conspiracy that between early March 2010 and mid-April 2010, defendants RICHARD DRESSEL and JOHN DEBOUTER misled the members of the JATF Executive Board by advising them that the salaries paid to coconspirator K.L. by Local 164, during 2008 and 2009 and the payments to Ship to Shore, had all been part of the initial cost for the Captive Lunch Program.

7. It was further part of the conspiracy that defendants RICHARD DRESSEL and JOHN DEBOUTER withheld from the JATF Executive Board that, in January 2009, K.L. had been rewarded with a $31,000 salary increase from Local 164;

8. It was a further part of the conspiracy that, on or about March 26, 2010, the defendant JOHN DEBOUTER, without full Executive Board authorization, and through an act of intimidation, took possession of a JATF check for $108,196 and had it deposited into the Local 164 operating account.

**Overt Acts**

9. In furtherance of the conspiracy and to effect its unlawful object, defendants RICHARD DRESSEL and JOHN DEBOUTER committed and caused to be committed the following overt acts, among others, in the District of New Jersey and elsewhere:

a. In or about March 2010, the defendants RICHARD DRESSEL and JOHN DEBOUTER proposed to the Executive Board that the JATF

repay $108,196 to Local 164 for salary disbursements made to unindicted coconspirator K.L.;

b. On or about March 1, 2010, the defendants RICHARD DRESSEL and JOHN DEBOUTER, without authorization, placed unindicted coconspirator K.L. on the JATF payroll at an annual cost of approximately $62,580, including fringe benefits;

c. On or about March 26, 2010, unindicted coconspirator C.M. signed an agreement falsely stating that a "time study" had been conducted verifying that K.L. had provided 20 hours per week of services to the JATF lunch program between March 2008 and February 2010;

d. On or about March 26, 2010, defendant JOHN DEBOUTER and unindicted coconspirator C.M., without Executive Board authorization, withdrew $108,196 from the JATF operating account and had it deposited into the Local 164 operating account.

In violation Title 18, United States Code, Section 371.

## COUNT FIVE

**(Embezzlement from JATF Benefit Plan - Repayment scheme)**

1. The allegations set forth in Paragraph 1 of Count One and Paragraphs 3-9 of Count Four of this Indictment are hereby realleged, as if set forth fully herein.

2. From in or about March 2010 through in or about April 2010, in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER

knowingly embezzled, stole, and unlawfully and willfully abstracted and converted to their use and the use of others, money, funds, property, and assets of the JATF, an employee benefit plan subject to Title I of the Employee Retirement and Income Security Act of 1974, namely, approximately $108,196 in improper disbursements to Local 164.

In violation of Title 18, United States Code, Section 664 and Title 18, United States Code, Section 2.

## COUNT SIX

**(Embezzlement from JATF Benefit Plan - 2010 Salary)**

1. The allegations set forth in Paragraph 1 of Count One and Paragraphs 3-9 of Count Four of this Indictment are hereby realleged, as if set forth fully herein.

2. From in or about March 2010 to in or about December 2010, in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER

knowingly embezzled, stole, and unlawfully and willfully abstracted and converted to their use and the use of others, money, funds, property, and assets of the JATF, an employee benefit plan subject to Title I of the Employee Retirement and Income Security Act of 1974, namely, approximately $54,041 in improper salary and fringe benefit disbursements to K.L.

In violation of Title 18, United States Code, Section 664 and Title 18, United States Code, Section 2.

## COUNT SEVEN

**(Embezzlement from JATF Benefit Plan - 2011 Salary)**

1. The allegations set forth in Paragraphs 1 of Count One and Paragraphs 3-7 of Count Four of this Indictment are hereby realleged, as if set forth fully herein.

2. From in or about January 2011 to in or about December 2011, in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER

knowingly embezzled, stole, and unlawfully and willfully abstracted and converted to their use and the use of others, money, funds, property, and assets of the JATF, an employee benefit plan subject to Title I of the Employee Retirement and Income Security Act of 1974, namely, approximately $63,602 in improper salary and fringe benefit disbursements to K.L.

In violation of Title 18, United States Code, Section 664 and Title 18, United States Code, Section 2.

**COUNT EIGHT**

**(Embezzlement from JATF Benefit Plan - 2012 Salary)**

1. The allegations set forth in Paragraphs 1 of Count One and Paragraphs 3-7 of Count Four of this Indictment are hereby realleged, as if set forth fully herein.

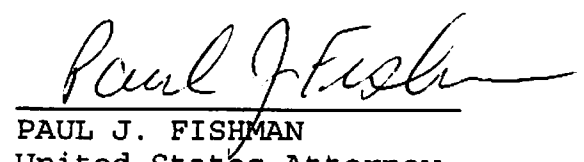
2. From in or about January 2012 to the present, in Bergen County, in the District of New Jersey and elsewhere, defendants

RICHARD DRESSEL, aka "Buzzy"
and JOHN DEBOUTER

knowingly embezzled, stole, and unlawfully and willfully abstracted and converted to their use and the use of others, money, funds, property, and assets of the JATF, an employee benefit plan subject to Title I of the Employee Retirement and Income Security Act of 1974, namely, approximately $48,000 in improper salary and fringe benefit disbursements to K.L.

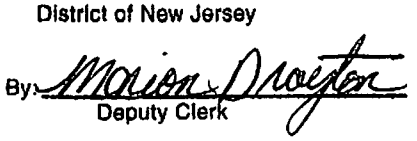
In violation of Title 18, United States Code, Section 664 and Title 18, United States Code, Section 2.

A TRUE BILL



PAUL J. FISHMAN
United States Attorney

I HEREBY CERTIFY that the above and foregoing is a true and correct copy of the original on file in my office.
ATTEST 10/24/12
WILLIAM T. WALSH, Clerk
United States District Court
District of New Jersey



By: Deputy Clerk

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# District of New Jersey

UNITED STATES OF AMERICA

v.

RICHARD DRESSEL and
JOHN DeBOUTER

INDICTMENT

**18 U.S.C. § 371, 664**
**29 U.S.C.§ 501 (c)**


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