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TWO FORMER EXECUTIVE BOARD MEMBERS OF BUS DRIVERS' UNION
ARRESTED FOR EXTORTION AND UNLAWFUL LABOR PAYMENTS

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, JOSEPH M. DEMAREST, JR., the Assistant Director in Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), DANIEL R. PETROLE, Deputy Inspector General of the United States Department of Labor ("DOL"), ANDREW AUERBACH, Deputy Assistant Secretary of the DOL, Office of Labor-Management Standards, and RAYMOND W. KELLY, Police Commissioner of the City of New York, announced that two former executive board members and assistant trustees of Local 1181 of the Amalgamated Transit Workers Union ("Local 1181"), NICK MADDALONE and PAUL MADDALONE, were arrested today on charges of extortion and violations of the Taft-Hartley Act, which

prohibits payments from regulated industries to union officials.

NICK and PAUL MADDALONE were arrested this morning at their homes by Special Agents of the FBI and DOL, Office of the Inspector General, and New York City Police Department ("NYPD") detectives. According to the Indictment unsealed today in Manhattan federal court, where the defendants are expected to appear later today:

Local 1181 is a union which represents approximately 15,000 bus drivers and bus escorts employed by companies that contract with the New York City Department of Education to provide students with school bus transportation to public schools throughout New York City. From at least the 1980s through 2006, the Genovese Organized Crime Family -- a criminal organization that is part of La Cosa Nostra, commonly referred to as the "mafia" -- influenced and asserted control over Local 1181, including by appointing certain individuals to serve as officers for Local 1181. The defendants, who are brothers, served as members, delegates, executive board members, and assistant trustees of Local 1181 -- NICK MADDALONE from approximately 1984 through 2008, and PAUL MADDALONE from approximately 1993 through 2008.

From at least the 1980s through 2006, various Local 1181 officers were involved in a wide-ranging scheme to solicit, collect, and receive illegal cash payments of tens of thousands of dollars from bus company owners and operators whose employees were members of Local 1181, and from companies whose employees were not Local 1181 members. The MADDALONES participated in this scheme along with other Local 1181 officers, including SALVATORE BATTAGLIA, who was both President of Local 1181 and a member of the Genovese Organized Crime Family, and JULIUS BERNSTEIN, who was both Secretary-Treasurer of Local 1181 and an associate of the Genovese Organized Crime Family. The MADDALONES and other participants in the scheme used both their union status and, as applicable, their organized crime status, as a means of inducing payment, obtaining tens of thousands of dollars from bus company owners through intimidation, threats, and fear of personal and economic harm.

NICK MADDALONE and PAUL MADDALONE are the fourth and fifth high-ranking Local 1181 officials to be arrested in connection with this investigation. BATTAGLIA pleaded guilty in January 2008 to racketeering, extortion, and Taft-Hartley violations and was sentenced in June 2008 to 57 months in prison. BERNSTEIN pleaded guilty in August 2006 to racketeering, extortion, robbery, gambling, and obstruction of justice, and died before a final judgment was issued in the matter. Former

Local 1181 Director of Pension and Welfare ANNE CHIAROVANO pleaded guilty to the obstruction of the FBI's investigation into the connection between Local 1181 and the Genovese Organized Crime Family and was sentenced in January 2007 to five months in prison to be followed by five months of home confinement.

If convicted of the charges alleged in the Indictment, NICK MADDALONE, 54, of Staten Island, New York, and PAUL MADDALONE, 60, of Neponsit, New York, each face a maximum sentence of 20 years in prison on each of the two extortion counts, and five years in prison on each of the two unlawful payment counts. The case has been assigned to United States District Judge JED S. RAKOFF.

Mr. DASSIN praised the work of the FBI; the United States Department of Labor, Office of the Inspector General; the United States Department of Labor, Office of Labor Management Standards; and the NYPD. He said that the investigation is continuing.

Assistant United States Attorneys ELIE HONIG and KENNETH POLITE are in charge of the prosecution.

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