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Southern District of New York*

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**OWNERS OF TRI-BUILT CONSTRUCTION PLEAD GUILTY TO
DEFRAUDING CARPENTERS UNION BENEFIT FUNDS
AND BRIBING SHOP STEWARDS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that PATRICK NOEL McCAUL and JAMES DERMOT MCGONNEL pleaded guilty today to conspiring to defraud the Carpenters Union benefit funds of millions of dollars by using non-union labor, paying union carpenters off-the-books, and bribing shop stewards and an employee of the benefit funds to assist in the fraud. The defendants pleaded guilty today in Manhattan federal court before United States District Judge MIRIAM GOLDMAN CEDARBAUM. McCAUL and MCGONNEL were indicted in December 2006 and arrested in January 2007. According to documents filed in this case and statements made during the defendants' guilty plea proceedings:

PATRICK NOEL McCAUL and JAMES DERMOT MCGONNELL were the owners of Tri-Built Construction Inc. ("Tri-Built"), a drywall contractor that operated in New York City and Long Island. Between 1993 and 2004, Tri-Built, holding itself out as a union contractor, was hired for numerous construction projects in New York City, including public projects financed by the Dormitory Authority of the State of New York -- such as a large construction project at Kings County Hospital in Brooklyn. During that time, Tri-Built was a party to a collective bargaining agreement with the District Council of New York City and Vicinity of the United Brotherhood of Carpenters and Joiners (the "Carpenters Union"). Under the collective bargaining agreement, Tri-Built was obligated to use union labor and pay union wages and benefits to all carpenters employed on Tri-Built's jobsites.

McCAUL AND MCGONNELL admitted that from 1993 through

May 2004, they conspired to defraud the Carpenters Union and its benefit funds by paying workers cash, at non-union rates, without any benefits or tax withholdings. This practice enabled McCAUL and McGONNELL to underbid jobs -- knowing that Tri-Built never intended to comply with its collective bargaining and prevailing wage obligations. To avoid detection of their fraud, the defendants bribed Carpenters Union shop stewards to submit false reports, under-reporting the true number of carpenters and hours worked on several Tri-Built jobsites.

McCAUL and McGONNELL also paid a then-employee of the Carpenters Union benefit funds to destroy internal union records which might reveal the fraud if an audit of Tri-Built were conducted by the union. McCAUL and McGONNELL diverted at least \$6.5 million from the union benefit funds through their fraudulent conduct.

McCAUL AND McGONNELL each face a maximum sentence of five years in prison. As part of the agreement made at the time of their plea, they also agreed to forfeit \$1.5 million, which will be paid to the Carpenters Union benefit funds. Sentencing is scheduled for April 15, 2008, before Judge CEDARBAUM.

Mr. GARCIA thanked the U.S. Department of Labor for its assistance in this investigation.

Assistant United States Attorney LISA ZORNBERG is in charge of the prosecution.

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