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**NEW YORK STATE ASSEMBLYMAN AND LABOR LEADER  
INDICTED ON RACKETEERING CHARGES**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation (FBI), GORDON S. HEDDELL, Inspector General of the United States Department of Labor (DOL-OIG), and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation (DOI), announced today the unsealing of an Indictment against BRIAN M. McLAUGHLIN, a New York State Assemblyman, on federal racketeering charges. The Indictment alleges that McLAUGHLIN and his associates stole money from several organizations in which McLaughlin has held official positions, including labor unions, the State of New York, and not-for-profit groups. McLAUGHLIN and his associates allegedly received more than \$2 million in proceeds from their criminal schemes.

The Indictment alleges that in various ways, and over an extended period of time, McLAUGHLIN engaged in a pattern of criminal activity through which he used his various official

positions for his own personal gain, at the expense of the people whose interests he was supposed to serve. The criminal schemes alleged in the Indictment include acts of fraud, embezzlement, and money laundering, as well as the receipt of payments and other things of value from companies that employed union members represented by McLAUGHLIN.

McLAUGHLIN functioned as the highest ranking official of the J Division of Local 3 of International Brotherhood of Electrical Workers (IBEW), which represents electrical workers in New York City. Members of the J Division typically install and maintain street lights and traffic signals in New York City. According to the Indictment, McLAUGHLIN stole money from a J Division bank account; accepted payments from union contractors; secretly maintained an interest in a company doing business with union employers; and directed the activities of J Division members for his own personal gain and profit.

According to the Indictment, McLAUGHLIN misappropriated well over \$100,000 dollars from a J Division account that was maintained for the benefit of the J Division and its membership. The account was funded largely by deductions from union members' paychecks, as well as by contributions from contractors to support the union. McLAUGHLIN, according to the Indictment, used these union funds to pay his personal credit card bills and his country club dues, among other uses.

McLAUGHLIN is also charged with accepting payments from contractors that employed J Division union members. Specifically, McLAUGHLIN received approximately \$400,000 in illegal cash payments from J Division contractors, it is charged. McLAUGHLIN allegedly also received three vehicles from J Division contractors, one of which he provided to his son and another of which he provided to a person with whom he had a personal relationship.

The Indictment also charges that McLAUGHLIN and another individual secretly maintained an interest in a company that did business with employers of Local 3 members. McLAUGHLIN and the other individual used their union positions to promote that company's financial interests and received hundreds of thousands of dollars proceeds from that company's business activities. The Indictment also alleges that McLAUGHLIN provided J Division union members to perform a construction project for one of his associates in exchange for nearly \$61,000 in payments on a Mercedes-Benz for McLAUGHLIN's wife.

McLAUGHLIN also allegedly required certain J Division members to make monthly payments to McLAUGHLIN from proceeds that

those workers obtained by selling scrap metal and other salvaged materials recovered during the course of their jobs. Those payments were made in cash through intermediaries that McLAUGHLIN designated. The Local 3 members responsible for making these payments allegedly complied with McLAUGHLIN's directives because they feared that if they did not, McLAUGHLIN would use his authority within the union to adversely affect their livelihoods.

The Indictment also alleges that McLAUGHLIN used J Division union members as a private workforce for himself, his family, and others with whom he maintained personal relationships. McLAUGHLIN received services from union members while they were on their shifts for at least two different contractors that employed J Division members. Among the tasks performed were: doing major and minor construction projects; installing and removing appliances; painting; changing light bulbs; hanging picture frames; shoveling snow; hanging Christmas lights; fixing plumbing; removing garbage; changing locks; cleaning out a barn; searching for and capturing rodents in McLAUGHLIN's basement; moving furniture and household items; delivering medication; and delivering cash to persons with whom McLAUGHLIN had a personal relationship.

McLAUGHLIN is also the President of the New York City Central Labor Council (the CLC), a chartered affiliate of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). McLAUGHLIN is charged with having misappropriated approximately \$185,000 from the CLC. According to the Indictment, McLAUGHLIN caused the CLC to hire one person as both a consultant and an employee who did little or no substantial work, and then funneled income from the CLC back to McLAUGHLIN. McLAUGHLIN then allegedly used the proceeds of this scheme to pay for his personal expenses, including rental payments for a residence that he maintained in Queens; payments for a car driven by one of his children; mortgage payments for a new home in Nissequogue, Long Island; and payments to a school that one of his children attended.

As a New York State Assemblyman, McLAUGHLIN represents the 25<sup>th</sup> Assembly District in Queens, New York, and in that capacity is alleged to have misappropriated over \$35,000 from the State of New York. McLAUGHLIN allegedly created fictitious positions on his legislative staff and pocketed a share of the salary for one of the purported employees, and he also allegedly submitted false claims for reimbursement of his daily expenses.

McLAUGHLIN was also a founding member and District Leader of the William Jefferson Clinton Democratic Club of Queens, Inc. (the Clinton Club), a not-for-profit corporation that raised funds and held events to support candidates for public office. The Clinton Club is based in the 25<sup>th</sup> Assembly District and has been operated from McLAUGHLIN's legislative district office. McLAUGHLIN is charged with misappropriating over \$19,000 from the Clinton Club for his own personal expenses, including rent at his residence in Albany, and the purchase and installation of a wide-screen plasma television at the home of a person with whom he maintained a personal relationship.

In addition, the Indictment charges McLAUGHLIN with stealing money from other organizations. Specifically, the Indictment alleges that McLAUGHLIN misappropriated nearly \$100,000 from the Electchester Athletic Association, a not-for-profit corporation that existed primarily to administer and finance a Little League baseball program at a housing development designed to provide affordable housing for union members and others. McLAUGHLIN also allegedly misappropriated over \$330,000 from his political campaign committee for personal purposes. He used this money, among other things, to pay for extensive construction and renovation projects at the home in Nissequogue, for his country club initiation fee, for cleaning his personal residence, and for expenses relating to his son's wedding.

If convicted, McLAUGHLIN faces the following maximum prison terms on the charges in the Indictment:

| # of COUNTS | CHARGE                                 | MAXIMUM SENTENCE (PER COUNT) |
|-------------|--|------------------------------|
| 2           | Racketeering (RICO), RICO Conspiracy   | 20 years in prison           |
| 13          | Mail Fraud, Wire Fraud                 | 20 years in prison           |
| 3           | Money Laundering                       | 20 years in prison           |
| 10          | Taft-Hartley Act Violation             | 5 years in prison            |
| 1           | Travel Act Violation                   | 5 years in prison            |
| 12          | Conspiracy                             | 5 years in prison            |
| 2           | Bank Fraud, False Statements to Lender | 30 years in prison           |

McLAUGHLIN, 54, has residences in Queens, New York and Nissequogue, New York. The case was assigned to United States District Judge KENNETH M. KARAS and McLAUGHLIN will appear in Manhattan federal court before United States Magistrate Judge JAMES C. FRANCIS IV to be arraigned on the charges.

Mr. GARCIA praised the FBI, DOL-OIG, and DOI for the investigation of this case and thanked them for their efforts. Mr. GARCIA said the investigation is continuing.

Assistant United States Attorneys DANIEL BRAUN and JACOB BUCHDAHL are in charge of the prosecution.

The charges contained in the Indictment are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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