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**FORMER EMPLOYEE BENEFIT FUNDS ADMINISTRATOR PLEADS
GUILTY IN MANHATTAN FEDERAL COURT TO CHARGES OF
EMBEZZLING \$40 MILLION FROM CONSTRUCTION WORKERS'
UNION FUNDS**

*Plan Administrator Spent Millions Of The Embezzled Funds On Horses, Jewelry And Other
Luxury Items, And Filed False Tax Returns To Hide This Illicit Income*

PREET BHARARA, United States Attorney for the Southern District of New York, announced today that MELISSA G. KING ("KING") of Irvington, New York, pled guilty in Manhattan federal court to a two-count Superseding Information charging her with embezzling tens of millions of dollars from the employee benefit plans she administered on behalf of the Compressed Air and Free Air Foundations, Tunnels, Caissons, Subways, Cofferdams, Sewer Construction Workers Local 147 of New York, New Jersey States and Vicinity AFL-CIO ("Local 147" or "Sandhogs Union"), and with filing false personal income tax returns with the Internal Revenue Service. KING pled guilty today before U.S. District Judge JOHN G. KOELTL.

Mr. BHARARA stated: "For years, Melissa King betrayed the hard-working union members who relied on her to safeguard their pensions, and in the end she left them deprived of financially secure retirements. She did all this to fund an extravagant lifestyle for herself. The harm King caused will be hard to remedy, but this Office is committed to seizing and liquidating all of her assets in an effort to return the money to the union members from whom it was stolen."

According to the Superseding Information, other court filings, and statements made during court proceedings:

The Sandhogs Union, which has approximately 1,000 members, represents construction workers employed in numerous construction projects in the New York City area. Through the union's collective bargaining agreements with employers, various funds have been established through which union members receive various retirement, annuity, health and vacation benefits (collectively, the "Local 147 Funds").

KING was the contract administrator of the Local 147 Funds. Through the company that she controlled, King Care LLC ("King Care"), KING was responsible for, among other things,

collecting employer contributions, maintaining bank accounts, determining eligibility for benefits, paying claims to beneficiaries, filing reports with regulators, maintaining a general ledger of the funds' income and expenses, and providing reports to the funds' trustees. As the Funds administrator, KING had a fiduciary duty to the Local 147 Funds and its beneficiaries.

Rather than protect the Local 147 Funds, between 2002 and 2008, KING embezzled tens of millions of dollars by writing checks that transferred huge sums of money out of the Local 147 Funds' bank accounts into a King Care account that she controlled. She then used the embezzled funds to finance her expensive lifestyle. Examples of the ways in which KING spent the embezzled funds include:

- at least \$5.5 million to buy, maintain, and transport horses;
- at least \$1,000,000 for fine and antique jewelry;
- at least \$7 million paid to American Express for personal expenses;
- at least \$300,000 paid to Neiman Marcus for women's clothing;
- at least \$150,000 paid to the Ritz Carlton Palm Beach;
- at least \$99,000 for travel on private jets;
- at least \$900,000 to pay the mortgage on her home;
- \$25,000 per month in rent for an apartment on Park Avenue in Manhattan;
- at least \$300,000 to pay for luxury automobiles.

As a result of KING's embezzlement, participants in the Local 147 benefit plans lost tens of thousands of dollars from their individual retirement accounts, and other benefits. KING was terminated by the Local 147 Funds as of December 31, 2008, after her massive fraud was discovered.

KING was arrested on November 30, 2009. Since her arrest, the Government has seized and restrained many of KING's assets, including her home, which was appraised at \$2.1 million dollars, four luxury cars, jewelry, more than 400 bottles of fine wine, and several bank accounts. Judge KOELTL has also entered an order authorizing the Government to sell all of KING's horses.

KING pled guilty today to one count of theft and embezzlement in connection with the employee benefit plans, and one count of filing false tax returns. KING, who will remain out on bail pending sentencing, faces a total maximum sentence of eight years in prison. Judge KOELTL scheduled KING's sentencing hearing for February 17, 2012, at 2:30p.m.

Mr. BHARARA thanked the United States Department of Labor's Office of Inspector General, the United States Department of Labor's Employee Benefits Security Administration, and the Internal Revenue Service, for their outstanding investigative work. He also thanked the

Sandhogs Union and the Local 147 Funds for their cooperation in this investigation, which is continuing.

This case is being prosecuted by the Office's Complex Frauds and Asset Forfeiture Units. Assistant United States Attorneys JOSEPH P. FACCIPONTI and JASON P. HERNANDEZ are in charge of the prosecution.

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