

UNITED STATES DISTRICT COURT  
DISTRICT OF RHODE ISLAND

UNITED STATES OF AMERICA

Plaintiff,

v.

KENNETH AURECCHIA

Defendant.

: **CR 11**

190 ML

: CRIMINAL NO.

: 18 U.S.C. § 1343;

: 26 U.S.C. § 7206(1)

INFORMATION

The United States Attorney charges:

COUNT ONE

(18 U.S.C. 1343)

(Wire Fraud)

At all times material to this Information:

A. Labor Organizations

1. The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada ("United Association") was an international union composed of affiliated local unions, including Local 51, and was headquartered in Annapolis, Maryland.

2. Since on or about January 1, 2004, Defendant KENNETH AURECCHIA has held the position of regional Vice President of District 1 of the United Association.

3. Local 51 of the United Association ("Local 51") was a labor organization based in East Providence, Rhode Island. Local 51 was required to be governed in accordance with its

constitution and by-laws.

4. Local 51 represented its members in collective bargaining with employers in the heating, ventilation, air conditioning, and process piping industries. Pursuant to that representation, Local 51 has executed collective bargaining agreements with several employers with respect to wages, hours, and other terms and conditions of employment.

5. From in or about 2001 to in or about August 2008, Defendant KENNETH AURECCHIA was employed by Local 51 as Business Manager.

6. The Committee on Political Education of Local 51 ("Local 51 COPE") was a committee within Local 51 funded through voluntary deductions from Local 51 union members to educate elected officials about matters of importance to Local 51.

7. From in or about 2001 to in or about August 2008, Defendant KENNETH AURECCHIA was a member of Local 51 COPE.

8. The New England States Pipe Trades Association of the United Association ("the New England Pipe Trades Association") was a labor organization consisting of all local unions and District councils holding a charter from the United Association in the States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. The New England States

Pipe Trades Association was required to be governed in accordance with its constitution and by-laws.

9. From in or about 2000 to in or about August 2008, Defendant KENNETH AURECCHIA was employed by the New England States Pipe Trades Association as Secretary Treasurer.

**B. Employer Organizations**

10. The New England Mechanical Contractors Association ("NEMCA") was an association of contractors in the commercial and industrial heating, ventilation, air conditioning, and process piping industry in Massachusetts, Maine and Rhode Island. NEMCA provided its member-contractors with workshops, seminars, conferences, government relations, and marketing campaigns, and represented them in collective bargaining with Local 51.

**C. Jointly-Administered Funds**

11. The Plumbers and Pipefitters Local 51 Joint Apprenticeship Committee Trust Fund ("Local 51 JATC") was an employee welfare benefit plan established by a trust agreement between Local 51 and NEMCA. The Local 51 JATC provided training and apprenticeship benefits to its participants, pursuant to the terms of its trust agreement.

12. From in or about 2001 to in or about August 2008, Defendant KENNETH AURECCHIA held the position of Co-Chairman of the Local 51 JATC.

13. The Plumbers and Pipefitters Local 51 Pension Fund ("Local 51 Pension Fund") was an employee pension benefit plan established by a trust agreement between Local 51 and NEMCA. The Local 51 Pension Fund provided retirement benefits to its participants, pursuant to the terms of its trust agreement.

14. From in or about 2001 to in or about August 2008, Defendant KENNETH AURECCHIA held the position of Co-Chairman of the Local 51 Pension Fund.

15. The Labor Management Cooperative Trust Fund ("the LMCT") was a jointly-managed fund established by a trust agreement executed between NEMCA and Local 51. The LMCT was administered by the business manager of Local 51 and an official appointed by NEMCA, and funded various labor-management and charitable initiatives pursuant to the terms of its trust agreement.

16. From in or about 2001 to in or about 2008, Defendant KENNETH AURECCHIA held the position of Co-Chairman of the LMCT.

#### **The Scheme and Artifice To Defraud**

17. Beginning in or about February 2004, and continuing through in or about March 2008, in the District of Rhode Island, and elsewhere, Defendant KENNETH AURECCHIA, knowingly devised and intended to devise a scheme and artifice for obtaining money and property from the New England States Pipe Trades Association of the United Association; Local 51; Local 51 COPE; the Local 51

JATC; the Local 51 Pension Fund; the LMCT; and NEMCA (collectively the "New England Entities") by means of materially false and fraudulent pretenses, representations and promises.

**Manner and Means**

18. It was part of the scheme and artifice to defraud that beginning in or about February 2004, Defendant KENNETH AURECCHIA on numerous occasions would travel to functions as an assigned representative of the United Association in his capacity as a district vice president, and that AURRECHIA's expenses would be reimbursed for those trips pursuant to the travel policies of the United Association.

19. It was further part of the scheme and artifice to defraud that prior to attending those functions, Defendant KENNETH AURECCHIA would obtain funds in the form of travel advances from one or more of the New England Entities to cover transportation, lodging, meals, and other expenses that he incurred in connection with his attendance at these functions, while knowing that his expenses would be reimbursed by the United Association.

20. It was further part of the scheme and artifice to defraud that prior to attending those functions, Defendant KENNETH AURECCHIA would obtain funds for his travel in the form of advances from one or more of the New England Entities to cover transportation, lodging, meals, and other expenses that he

incurred in connection with his attendance at those functions, without informing the New England Entities that his expenses were reimbursable under the policies of the United Association; and would be reimbursed by the United Association.

21. It was further part of the scheme and artifice to defraud that while attending many of these functions, Defendant KENNETH AURECCHIA used credit cards issued to him by the New England Entities for official use to pay for the travel, lodging, meals and other expenses that he incurred while on trips sponsored by the United Association, while knowing that his expenses would be reimbursed by the United Association.

22. It was further part of the scheme and artifice to defraud that while attending many of these functions, Defendant KENNETH AURECCHIA used credit cards issued to him by the New England Entities for official use to pay for the travel, lodging, meals and other expenses that he incurred while on trips sponsored by the United Association, without informing the New England Entities that his expenses were reimbursable under the policies of the United Association, and would be reimbursed by the United Association.

23. It was further part of the scheme and artifice to defraud that in connection with his attendance at these functions for which he received expense funds from one or more of the New

England Entities, Defendant KENNETH AURECCHIA would submit expense reimbursement requests to the United Association via facsimile transmission without informing the United Association that some or all of his expenses for travel sponsored by the United Association had been covered by the New England Entities.

24. It was further part of the scheme and artifice to defraud that in connection with his attendance at these functions for which he received expense funds from one or more of the New England Entities, Defendant KENNETH AURECCHIA would fail to submit receipts or vouchers to the New England Entities, or otherwise make an accounting to the New England Entities required under their respective policies.

25. It was further part of the scheme and artifice to defraud that Defendant KENNETH AURECCHIA would receive duplicative reimbursements for transportation, lodging, meals, and other expenses from the United Association and from one or more of the New England Entities without disclosing those duplicative reimbursements to the United Association or the respective New England Entities.

26. It was further part of the scheme and artifice to defraud that Defendant KENNETH AURECCHIA would keep the duplicative travel reimbursements that he received from the United Association and from one or more of the New England

Entities for his personal use.

27. As a result of the scheme and artifice to defraud, Defendant KENNETH AURECCHIA obtained money by means of materially false and fraudulent pretenses, representations and promises from the following entities in the following amounts:

- i. Local 51 in the amount of \$32,013;
- ii. the Local 51 JATC in the amount of \$6,377;
- iii. the LMCT in the amount of \$33,891;
- iv. Local 51 Pension Fund in the amount of \$3,000;
- v. Local 51 COPE in the amount of \$6,126;
- vi. New England States Pipe Trades Association in the amount of \$15,107; and
- vii. NEMCA in the amount of \$11,000.

#### Execution of the Scheme

28. On or about October 29, 2007, in the District of Rhode Island and elsewhere, for the purpose of executing the aforementioned scheme and artifice, and attempting to do so, Defendant KENNETH AURECCHIA did knowingly cause to be transmitted in interstate and foreign commerce, writings, signs, signals, and sounds, that is, by facsimile transmission (fax), a document entitled "Payment Form for Member's Wages and Expenses" for the MSCA Annual Educational Conference in Colorado Springs, Colorado in October 2007 from Defendant KENNETH



AURECCHIA in Rhode Island to the United Association in Annapolis, Maryland.

All in violation of 18 U.S.C. § 1343.

COUNT TWO


(26 U.S.C. §7206(1))

(Making and Subscribing a False Return)

29. On or about October 9, 2008, in the District of Rhode Island, Defendant KENNETH AURECCHIA, a resident of Johnston, Rhode Island, did willfully make and subscribe a false and fraudulent U.S. Individual Income Tax Return, Form 1040, for the calendar year 2007, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material matter. That U.S. Individual Income Tax Return, which was prepared and signed in the District of Rhode Island and was filed with the Internal Revenue Service, stated that his taxable income was \$246,447.00 and the amount of tax due and owing thereon was \$71,527.00. As he then and there knew, he had a taxable income of \$266,975.00 for the calendar year upon which the amount of income tax due and owing to the United States was \$78,382.00. This will result in additional tax due and owing of \$6,855.00.

All in violation of Title 26, United States Code, Section  
7206(1).

PETER F. NERONHA  
UNITED STATES ATTORNEY

A handwritten signature in dark ink, appearing to read "Richard Myrus", written over a horizontal line.

RICHARD MYRUS  
Assistant U.S. Attorney

A handwritten signature in dark ink, appearing to read "Stephen Dambruch", written over a horizontal line.

STEPHEN DAMBRUCH  
Criminal Chief  
Assistant U.S. Attorney

UNITED STATES DISTRICT COURT  
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CR NO.

PLEA AGREEMENT

Pursuant to Rule 11(c)(1)(A) and (B) of the Federal Rules of Criminal Procedure, the United States and the defendant, KENNETH AURECCHIA, have reached the following agreement:

1. Defendant agrees to the following:

a. Defendant will waive presentation of this matter to a grand jury and consent to the filing of a two-count Information, which charges the Defendant with Wire Fraud in violation of Title 18, United States Code, Section 1343 (Count I), and Making and Subscribing a False Federal Income Tax Return in violation of Title 26, United States Code, Section 7206(1) (Count II).

b. Defendant agrees that he will plead guilty to said Information.

c. Defendant further agrees that the time between the filing of this plea agreement and the scheduled date for the change of plea is excludable under the Speedy Trial Act, 18 U.S.C. § 3161.

d. Defendant understands and agrees that the terms of the plea agreement in no way resolve any civil tax liability he may have, including penalties and interest. Defendant further understands and agrees that this plea agreement in no way restricts the Internal Revenue Service from pursuing any administrative or civil actions against Defendant. Defendant specifically authorizes release by the IRS to the Civil Division of the U.S. Attorney's Office and law enforcement agents working with the attorneys in the Civil Division of the U.S. Attorney's Office of information for the purpose of making an assessment of Defendant's civil liabilities. Defendant further agrees to assent to the filing and allowance of a motion under Rule 6(e) of the Federal Rules of Criminal Procedure, to permit the disclosure of matters occurring before the grand jury for this purpose.

## 2. Government's Obligations

In exchange for Defendant's plea of guilty:

a. The government will recommend that the Court impose a term of imprisonment at the lowest point within the Guidelines range for the offense level calculated by the Court under the Guidelines.

b. For purposes of determining the offense level, the government agrees to recommend a two-level reduction in the

offense level for acceptance of responsibility under § 3E1.1(a) of the Guidelines if Defendant continues to demonstrate acceptance of responsibility through sentencing.

c. As of the date of this agreement, Defendant has timely notified authorities of an intention to enter a plea of guilty. If the offense level is 16 or greater and Defendant enters a plea of guilty pursuant to this agreement, the government will move the sentencing Court for an additional decrease of one level, pursuant to U.S.S.G. § 3E1.1(b)(2), unless Defendant indicates an intention not to enter a plea of guilty, thereby requiring the government to prepare for trial.

d. The government is free to recommend any combination of supervised release, fines, and restitution which it deems appropriate.

3. Defendant understands that the guidelines are not binding on the Court, and that, although the Court must consult the guidelines in fashioning any sentence in this case, the guidelines are only advisory, and the Court may impose any reasonable sentence in this matter up to the statutory maximum penalties after taking into account the factors enumerated in 18 U.S.C. § 3553(a).

4. The United States and defendant stipulate and agree to the following facts under the Guidelines:

a. The amount of loss relating to the course of conduct, scheme, and plan charged in Count I and Defendant's relevant conduct under Guidelines §1B1.3 is between \$70,000 and \$120,000, and therefore, under Guidelines §2B1.1, the Base Offense Level is Level 15.

b. Regarding restitution, the parties acknowledge and agree that the following entities are entitled to restitution in the amounts set forth below:

- i. Local 51 in the amount of \$32,013;
- ii. Local 51 Joint Apprenticeship  
Committee Trust Fund in the amount of \$6377;
- iii. Labor Management Cooperative  
Trust Fund of Local 51 in the amount of \$33,891;
- iv. Local 51 Pension Fund in the amount of \$3000;
- v. Local 51 Committee  
on Political Education in the amount of \$6126;
- vi. New England States  
Pipe Trades Association in  
the amount of \$15,107; and
- vii. New England Mechanical  
Contractors Association in the amount of \$11,000.

c. In addition to the charged offense in Count II of Making and Subscribing a False Federal Income Tax Return for tax

year 2007, the Defendant also made and subscribed false federal income tax returns for tax years 2005 and 2006. The unreported income and corresponding additional taxes due and owing are as follows:

| Tax Year | Unreported Income | Additional Tax Owing |
|----------|-------------------|----------------------|
| 2005     | \$18,405.08       | \$6024               |
| 2006     | \$14,856.21       | \$5007               |
| 2007     | \$20,528.00       | \$6855               |

d. The amount of the loss relating to Defendant's 2005 through 2007 federal individual income taxes is \$17,886, and therefore the Base Offense Level is Level 12 under Guideline §§2T1.1(a)(1) and 2T4.1.

5. The maximum statutory penalties for the offenses to which defendant is pleading are:

Count I (Wire Fraud)

- a. 20 years imprisonment;
- b. \$250,000 fine, or twice the gross gain or gross loss resulting from that offense, whichever is greater;
- c. A term of supervised release of 3 years; and
- d. a \$100.00 special assessment.

Count II (Making and Subscribing a False Return)

- a. 3 years imprisonment;
- b. \$100,000 fine together with the costs of prosecution;
- c. A term of supervised release of 1 year;
- d. a \$100.00 special assessment.

If imposed consecutively, the maximum penalties for the offenses to which Defendant is pleading guilty are a term of imprisonment of twenty-three years, a term of supervised release of four years, a fine of \$350,000 (or twice the gross gain or loss for Count I) and a mandatory special assessment of \$200.

6. Defendant agrees that, after Defendant and Defendant's counsel sign this agreement, counsel will return it to the United States Attorney's Office along with a money order or certified check, payable to the Clerk, United States District Court, in payment of the special assessments. Failure to do so, unless the Court has made a previous finding of indigence, will relieve the government of its obligation to recommend a reduction in the offense level under the guidelines for acceptance of responsibility.

7. Defendant is advised and understands that:

- a. The government has the right, in a prosecution for



perjury or making a false statement, to use against Defendant any statement that Defendant gives under oath;

- b. Defendant has the right to plead not guilty, or having already so pleaded, to persist in that plea;
- c. Defendant has the right to a jury trial;
- d. Defendant has the right to be represented by counsel - and if necessary have the Court appoint counsel - at trial and every other stage of the proceeding;
- e. Defendant has the right at trial to confront and cross-examine adverse witnesses, to be protected from self-incrimination, to testify and present evidence, and to compel the attendance of witnesses;
- f. Defendant waives these trial rights if the Court accepts a plea of guilty.

8. The government reserves its full right of allocution, including the right to present any information to the Court for its consideration in fashioning an appropriate sentence, the right to correct misstatements, misrepresentations, or omissions by Defendant, and to answer any questions asked by the Court.

9. Except for paragraphs 2 and 4 above, the parties have made no agreement concerning the application of the Guidelines in this case.

10. Defendant understands that the Court alone makes all sentencing decisions, including the application of the guidelines and the sentence to be imposed. The Court is not bound by the parties' stipulations of fact, offense level adjustments, or the government's recommendations. The Court is free to impose any sentence it deems appropriate up to and including the statutory maximum. Defendant also understands that even if the Court's guideline determinations and sentence are different than Defendant expects, Defendant will not be allowed to withdraw Defendant's plea of guilty.

11. Defendant hereby waives Defendant's right to appeal his conviction and sentence, if the sentence imposed by the Court is within the guideline range determined by the Court or lower. This agreement does not affect the rights or obligations of the United States as set forth in 18 U.S.C. § 3742(b), and the government retains its right to appeal any of the Court's sentencing determinations.

12. Defendant understands that pursuant to Title 29, United States Code, Sections 504 and 1111, his convictions in this case will prohibit him from serving in the capacities described in

those statutes, including but not limited to, employment with any labor organization or employee benefit plan; service as a labor relations consultant to a labor organization, employer, or employer organization; or service as a consultant or adviser to a labor organization or an employee benefit plan for the period of thirteen years after such convictions or after the end of any imprisonment resulting from such convictions, whichever is later. Defendant further understands that if he violates this prohibition, he may be punished by imprisonment for up to five years and a fine of up to \$250,000.

13. Defendant agrees that he will not exercise any of the options under 29 U.S.C. §§ 504 or 1111 to gain relief from the disabilities imposed by those provisions, and that, any attempt by Defendant to exercise any of those options shall be considered a violation of this Agreement.

14. This agreement is binding on the government only if Defendant pleads guilty, fulfills all Defendant's obligations under the agreement, does not engage in any conduct constituting obstruction of justice under § 3C1.1 of the guidelines, and does not commit any new offenses. Defendant understands that if Defendant violates this agreement in any way, the government shall be released from its obligations under the agreement and will be


free to make any recommendations that it deems appropriate. If that occurs, Defendant shall not have the right to withdraw Defendant's guilty plea.

15. This agreement is limited to the District of Rhode Island and does not bind any other federal, state, or local prosecutive authorities.

16. This agreement constitutes the entire agreement between the parties. No other promises or inducements have been made concerning the plea in this case. Defendant acknowledges that no person has, directly or indirectly, threatened or coerced Defendant to enter this agreement. Any additions, deletions, or modifications to this agreement must be made in writing and signed by all the parties in order to be effective.

17. Counsel for Defendant states that Counsel has read this agreement, been given a copy of it for Counsel's file, explained it to Defendant, and states that to the best of Counsel's knowledge and belief, Defendant understands the agreement.

18. Defendant states that Defendant has read the agreement or has had it read to Defendant, has discussed it with Defendant's Counsel, understands it, and agrees to its provisions.

  
KENNETH AURECCHIA  
Defendant

8-26-11  
Date

Chl A Tg

CHARLES TAMULEVIZ, ESQ.  
Counsel for Defendant

08-26-11

Date

Richard Myrus

RICHARD MYRUS  
Assistant U.S. Attorney

Aug. 30, 2011

Date

Steph G. Dambruch

STEPEHN G. DAMBRUCH  
Assistant U.S. Attorney  
Chief, Criminal Division

08/26/2011

Date