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Holmdel Contractor Pleads Guilty in Connection with Schemes to
Structure over \$3 Million in Cash Transactions, Tax Evasion
and Embezzlement Of a Union Employee Benefit Plan

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NEWARK – A Holmdel contractor pleaded guilty to federal charges today for schemes involving the structuring of over \$3.1 million in cash transactions, embezzlement of a union employee benefit plan, tax evasion and making unlawful labor payments, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

Anthony R. Ambrosio, 51, of Holmdel, pleaded guilty before U.S. District Judge Stanley R. Chesler to federal charges of conspiracy to structure financial transactions to evade reporting requirements; embezzlement from an employee benefit plan; tax evasion; conspiracy to aid and assist in the preparation of false tax returns; and conspiracy to make unlawful labor payments, otherwise known as a Taft-Hartley violation.

Judge Chesler continued the defendant's release on a \$1 million surety bond secured his residential property pending sentencing, which is scheduled for January 11.

On Aug. 3, 2007, Ambrosio and his daughter, Lisa M. DeRosa, 30, of Scotch Plains, were arrested on a criminal Complaint that charged them with structuring over \$3.1 million in cash transactions to avoid detection by authorities. According to the complaint, Ambrosio was the general manager and ran the day to day operations of Backhoe Services, Inc., which was owned by DeRosa, who is the 100% shareholder. Backhoe Services, Inc., ("Backhoe Services") located in Bayonne, was in engaged in the business of demolition, excavation and snow removal.

At his plea hearing, Ambrosio admitted that from January 2004 through May 2007, he or someone else at his direction, cashed approximately 350 corporate checks in amounts less than \$10,000, mostly in the amount of \$9,500, and totaling approximately \$3,156,000. Ambrosio admitted that at the time these checks were cashed, he, as well as, the person he directed to cash the checks, were both aware that banks were required to file currency transaction reports for cash transactions over \$10,000.

Furthermore, Ambrosio admitted that most of the cash from these bank transactions was used to pay numerous employees, including undocumented illegal immigrants, "off the books" in cash, without withholding the appropriate payroll taxes.

Ambrosio admitted to a scheme to embezzle monies due to Local 325 of the Laborers International Union of North America. Ambrosio acknowledged that from January 2005 until August 2007, Backhoe Services had a collective bargaining agreement with Local 325 which obligated Backhoe Services to hire Local 325 members when employing laborers for various construction jobs in Hudson County. Likewise, Backhoe Services was obligated to pay the wages and contribute to the Local 325 Benefit Funds of the union laborers they were required to hire for jobs in Hudson County.

Ambrosio admitted that during the time period covered in the collective bargaining agreement, Backhoe Services worked on various construction projects throughout Hudson County in which the company employed multiple non-union workers, including illegal immigrants, and did not contribute to the Local 325 Benefit Funds as required. Ambrosio

admitted that the company failed to report the names, number of hours worked, and the amount of contributions owed on behalf of these non-union workers to the Local 325 Benefit Funds. Ambrosio admitted that from January 2005 through August 2007, Backhoe Services failed to contribute a total of approximately \$1,363,115 to the Local 325 Benefit Funds on behalf of the non-union workers, and therefore embezzled from the Local 325 Benefit Funds.

In regards to the tax evasion and conspiracy charges, Ambrosio admitted that during calendar years 2004 and 2005, he and the owner of Backhoe Services, who he identified in Court with the initials, "L.M.D.," on behalf of Backhoe Services, were required to withhold and pay payroll taxes to the IRS on the amount of wages Backhoe Services paid to its employees each quarter of each year. Ambrosio admitted that in paying numerous employees, including undocumented illegal immigrants, in cash, they attempted to avoid withholding the appropriate payroll taxes.

Furthermore, Ambrosio admitted that he and L.M.D., along with an individual identified only as "R.T.," who was an accountant hired to assist in the preparation of Backhoe Services' corporate income tax returns, as well as, Ambrosio and L.M.D.'s personal tax returns, conspired to conceal from the IRS approximately \$868,500 in cash wages paid to numerous employees, including undocumented illegal immigrants, without withholding appropriate payroll taxes, which would have resulted in additional payroll taxes of approximately \$350,000.

In a separate scheme, Ambrosio admitted he conspired to make unlawful labor payments totaling approximately \$20,000 in cash and checks to Anthony Mann, 66, of Sparta, a Local 825 lead engineer, and Craig Wask, 61, of Montvale, a Local 825 business agent, for steering two snow plowing contracts at construction projects in Jersey City, including one at the construction the Goldman Sachs building. Ambrosio acknowledged that from May 2001 through July 2003, while Backhoe Services had a collective bargaining agreement with Local 825, Wask and Mann assisted Backhoe Services in obtaining contracts to plow snow in exchange for cash. Ambrosio admitted that he directed a third-party company to issue a check to Mann in the amount of \$5,000 on July 8, 2003, and again on July 21, 2003. Ambrosio directed the third-party company to issue these checks in order to conceal the illegal payments to Mann and Wask, he admitted.

Wask and Mann previously pleaded guilty to receiving unlawful labor payments and have been sentenced by Judge Chelser. Lisa M. DeRosa's case is still pending.

Each charge to which Ambrosio pleaded guilty carries a statutory maximum prison sentence of 5 years and a fine of \$250,000 or twice the gross amount of any pecuniary gain or loss from the offense, whichever is greatest.

Marra credited Special Agents of the IRS Criminal Investigation, under the direction of Special Agent in Charge William P. Offord, the U.S. Department of Labor-OIG New York Region, under the direction of Special Agent in Charge Marjorie Franzman, the FBI, under the direction of Special Agent in Charge Weysan Dun, and the Bayonne Police Department's

Special Investigation Unit, under the direction of Chief Robert Kubert, with the investigation leading to today's guilty plea.

The case is being prosecuted by Assistant U.S. Attorneys Ronald D. Wigler and Anthony Moscato, Jr., of the U.S. Attorney Office's Strike Force Unit, in Newark.

Defense attorneys:

Anthony J. Iacullo, Esq. Nutley
Robert J. Kipnees, Esq. Roseland