

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :

- v. - :

JOHN ULRICH, :

Defendant. :

SEALED INDICTMENT

19 Cr.

19 CRIM 107

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Background

1. The International Brotherhood of Teamsters (the "IBT") is a national labor union that represents workers in many industries, including freight drivers and warehouse workers. The IBT is an employee organization, as defined by Title I of the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. § 1001, et seq. The IBT is divided into numerous locals.

2. Local 812 is one of the constituent locals of the IBT in the New York metropolitan area. Local 812 has more than approximately 3,000 members, and represents workers in the beverage industry throughout the New York metropolitan area.

3. Members of Local 812 are covered by the Local 812 Health Fund, which provides life insurance, health insurance, dental, vision, and disability benefits to participating union members and their families. The Local 812 Health Fund is an employee benefit plan subject to the provisions of ERISA, and is

a health care benefit program as that term is defined in 18 U.S.C. § 24(b).

4. The Local 812 Health Fund is managed by a Board of Trustees (collectively the "Local 812 Board"). The Local 812 Board is responsible for, among other things, the Local 812 Health Fund's overall operation and administration.

5. Business-1 is a third-party administrator; it processes claims for self-insured union benefit plans. At all times relevant to this Indictment, Business-1 processed health insurance claims for participants in the Local 812 Health Fund. Business-1 charged a fee to the Local 812 Health Fund to administer the Local 812 Health Fund.

6. JOHN ULRICH, the defendant, was, at all times relevant to this Indictment, a member and officer of Local 812, and a trustee of the Local 812 Health Fund. From at least in or about 2013 through 2014, ULRICH was the Recording Secretary of Local 812, and from in or about 2015 through in or about February 2016, ULRICH was Vice President of Local 812.

The Criminal Scheme

7. From at least 2013 through February 2016, JOHN ULRICH, the defendant, participated in a bribery scheme through which he obtained tens of thousands of dollars in payments from an executive at Business-1 ("Administrator-1"), in exchange for

ULRICH using his influence to maintain Business-1 as the Local 812 Health Fund's third-party administrator.

8. In 2013, at a time when he was experiencing financial problems, JOHN ULRICH, the defendant, solicited bribe payments from Administrator-1 of \$5,000 per quarter. Prior to the solicitation, the Local 812 Health Fund had issued a request for proposals for a new third-party administrator, and Business-1 was at risk of losing the Local 812 Health Fund's business. As such, in seeking bribe payments from Administrator-1, ULRICH told Administrator-1, in sum and substance, that ULRICH could use his influence at the fund and the union to maintain the Local 812 Health Fund's use of Business-1 as its third-party administrator. Administrator-1 agreed to make \$5,000 quarterly payments to ULRICH, and began doing so. Subsequently, despite receiving multiple bids from other third-party administrators, the Local 812 Health Fund continued to work with Business-1.

9. Thereafter, in or about 2014, JOHN ULRICH, the defendant, demanded increased bribe payments from Administrator-1. In part, ULRICH told Administrator-1 that these increased bribe payments were needed for another trustee of the Local 812 Health Fund ("CC-1"). Administrator-1 began making such increased bribe payments.

10. At least one of the bribe payments that Administrator-1 made to JOHN ULRICH, the defendant -

specifically, a payment in or around June 2014 - occurred in the Southern District of New York.

11. On or about February 12, 2016, the Local 812 Health Fund convened a special board meeting, at which counsel for the Local 812 Health Fund participated. During this meeting, which was recorded, JOHN ULRICH, the defendant, was confronted with the contents of an e-mail ULRICH had sent to Administrator-1 requesting, through the use of coded language, additional bribe payments for CC-1 (the "Bribery Email"). At the meeting, subsequent to which ULRICH was terminated as an officer of the union and trustee of the Local 812 Health Fund, ULRICH falsely suggested that the Bribery E-mail was about something other than bribe payments. At a later point, and despite appearing to previously acknowledge sending the e-mail, ULRICH denied to Local 812 and the Local 812 Board that he had sent the e-mail. In truth and in fact, the e-mail account that sent the Bribery E-mail was an account used by ULRICH.

STATUTORY ALLEGATIONS

COUNT ONE

(Conspiracy to Solicit and Receive Bribe Payments to Influence the Operation of an Employee Benefit Plan)

The Grand Jury charges:

12. From in or about 2013, up to and including in or about February 2016, in the Southern District of New York and

elsewhere, JOHN ULRICH, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Title 18, United States Code, Section 1954.

13. It was a part and an object of the conspiracy that JOHN ULRICH, the defendant, being an administrator, officer, trustee, custodian, counsel, agent, and employee of an employer welfare benefit plan, and being an officer, counsel, agent, and employee of an employee organization whose members are covered by an employee welfare benefit plan, would and did knowingly receive, agree to receive, and solicit a fee, kickback, commission, gift, loan, money, and thing of value because of, and with intent to be influenced with respect to, actions, decisions, and other duties relating to a question and matter concerning such plan, in violation of Title 18, United States Code, Section 1954, to wit, ULRICH agreed with others to receive bribes for the purpose of influencing the Local 812 Health Fund to use Business-1 as its third-party administrator.

Overt Acts

14. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about June 2014, JOHN ULRICH, the defendant, in the Southern District of New York, accepted a cash bribe payment from Administrator-1.

b. On or about September 19, 2015, ULRICH sent an email to Administrator-1 soliciting additional bribe payments for CC-1.

(Title 18, United States Code, Section 371)

COUNT TWO

(Soliciting and Receiving Bribe Payments to Influence the Operation of an Employee Benefit Plan)

The Grand Jury further charges:

15. The allegations contained in paragraphs 1 through 11 above are hereby repeated, re-alleged, and incorporated by reference as if fully set forth herein.

16. From in or about 2013, up to and including in or about June 2016, in the Southern District of New York and elsewhere, JOHN ULRICH, the defendant, being an administrator, officer, trustee, custodian, counsel, agent, and employee of an employer welfare benefit plan, and being an officer, counsel, agent, and employee of an employee organization whose members are covered by an employee welfare benefit plan, did knowingly receive, agree to receive, and solicit a fee, kickback, commission, gift, loan, money, and thing of value because of, and with intent to be influenced with respect to, the actions,

decisions, and other duties relating to a question and matter concerning such plan, to wit, ULRICH solicited and received bribes for the purpose of influencing the Local 812 Health Fund to use Business-1 as its third-party administrator.

(Title 18, United States Code, Sections 1954 and 2.)

COUNT THREE

(Conspiracy to Commit Honest Services Health Care Fraud)

The Grand Jury further charges:

17. The allegations contained in paragraphs 1 through 10 above are hereby repeated, re-alleged, and incorporated by reference as if fully set forth herein.

18. From in or about 2013, up to and including in or about June 2016, in the Southern District of New York and elsewhere, JOHN ULRICH, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit honest services health care fraud, in violation of Title 18, United States Code, Sections 1347 and 1346.

19. It was a part and an object of the conspiracy that JOHN ULRICH, the defendant, knowingly and willfully, would and did execute and attempt to execute, a scheme or artifice to defraud any health care benefit program, and to deprive the health care benefit program of its intangible right to ULRICH's honest services, in connection with the delivery of and payment

for health care benefits, items, and services, to wit, ULRICH agreed with others to deprive the Local 812 Health Fund of its right to ULRICH's honest services by accepting bribes for the purpose of influencing the fund to use Business-1 as its third-party administrator.

(Title 18, United States Code, Section 1349.)

COUNT FOUR

(Honest Services Health Care Fraud)

The Grand Jury further charges:

20. The allegations contained in paragraphs 1 through 11 above are hereby repeated, re-alleged, and incorporated by reference as if fully set forth herein.

21. From in or about 2013, up to and including in or about June 2016, in the Southern District of New York and elsewhere, JOHN ULRICH, the defendant, knowingly and willfully executed and attempted to execute a scheme or artifice to defraud a health care benefit program, and to deprive the health care benefit program of its intangible right to ULRICH's honest services, in connection with the delivery of and payment for health care benefits, items, and services, to wit, ULRICH deprived the Local 812 Health Fund of its right to his honest services by accepting bribes for the purpose of influencing the fund to use Business-1 as its third-party administrator.

(Title 18, United States Code, Sections 1347, 1346, and 2.)

FORFEITURE ALLEGATION

22. As a result of committing the offenses alleged in Counts One through Four of this Indictment, JOHN ULRICH, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(7), any and all property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of said offenses, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offenses.

Substitute Asset Provision

23. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value;

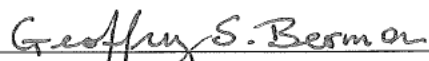
or

- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Section 982;
Title 21, United States Code, Section 853;
Title 28, United States Code, Section 2461)


FOREPERSON



GEOFFREY S. BERMAN
United States Attorney

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(18 U.S.C. §§ 371, 1346, 1347, 1349,
1954 and 2)

GEOFFREY S. BERMAN

United States Attorney.

A TRUE BILL


Foreperson.
