

NEWS

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Two Local 825 Union Officials Arrested On Indictment for Taking Bribes

(More)

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NEWARK – The current business manager and a former president of Local 825 of the International Union of Operating Engineers were arrested today on a four-count Indictment for allegedly taking cash bribes and other things of value from construction contractors to ensure labor peace and to allow the use of non-union labor, U.S. Attorney Christopher J. Christie announced.

Kenneth P. Campbell, 56, of Basking Ridge, and Peter O. Strannemar, 66, of Blairstown, were arrested this morning on an Indictment, which was unsealed today, by Special Agents with the FBI, the U.S. Department of Labor Office of Inspector General's Office of Labor Racketeering and Fraud Investigations, and the IRS Criminal Investigation Division. Both defendants appeared before U.S. Magistrate Judge Esther Salas for their initial appearances. Campbell and Strannemar were each released on \$100,000 bonds secured by equity in their homes.

According to the Indictment, as business manager, Campbell is the highest ranking official of Local 825, a labor union that represents about 7,000 heavy construction equipment operators. During the time period covered in the Indictment, from May 2001 through May 2003, Strannemar was the President of Local 825, making him the second highest ranking official.

The Indictment describes a scheme whereby Campbell and Strannemar conspired to demand and receive cash payments from construction companies working on various construction projects. Count One alleges that Campbell and Strannemar conspired with unindicted co-conspirators, which the Indictment identifies only as "C.W.," a former Local 825 business agent, and "A.M.," a former Local 825 lead engineer, to obtain cash from a steel erector company and a plumbing company that were working on a project at 30 Hudson Street in Jersey City.

"Today's arrests demonstrate my office's commitment to work with our law enforcement partners as we carry out our statutory mandate to investigate racketeering within our nation's labor unions," said Gordon S. Heddell, Inspector General of the U.S. Department of Labor. "We will continue to aggressively pursue those union officials who abuse their positions of trust for personal gain at the expense of the membership they are supposed to serve."

According to the Indictment, these defendants and their co-conspirators demanded and received cash from the companies in exchange for labor peace and to permit the companies to circumvent requirements of a collective bargaining agreement. According to the Indictment, the defendants and their co-conspirators obtained at least \$88,000 in cash from the steel erector company and at least \$23,600 in cash from the plumbing company. In addition, the Indictment alleges that Strannemar received free household appliances from the plumbing company, which were delivered to his cabin in New York. The Indictment alleges that after A.M. obtained the cash payments from the companies' representatives, it was given to C.W., who then delivered it to Campbell and Strannemar.

Count One of Indictment charges both defendants with conspiracy to demand and receive unlawful labor payments. Count Two charges Strannemar with illegally receiving household appliances from the plumbing company.

Count Three alleges that from May 2003 through May 2006, C.W. and Campbell conspired to demand and receive at least \$100,000 in cash from an employer at another construction project in Jersey City. According to the Indictment, this construction project involved the construction of a large golf course with residential homes. An individual identified as "G.V.C." was the principal of the general contractor at the project and is alleged to have been a co-conspirator in the scheme.

The Indictment alleges that G.V.C. paid C.W. between \$2,000 and \$4,000 in cash each month in exchange for permitting G.V.C.'s companies and certain subcontractors at the project to use non-union labor. According to the Indictment, by using non-union labor, G.V.C. saved a significant amount of money by avoiding the requirement to pay the salaries and benefits of the union members who would have been employed by these companies. Finally, according to the Indictment, C.W. delivered portions of these cash bribes to Campbell.

Count Four alleges that Campbell accepted cash payments in exchange for admitting three of G.V.C.'s employees, including two relatives, into the union. The Indictment alleges that Campbell, as the union's Business Manager, approved all new applicant admissions into the union. The Indictment further alleges that G.V.C. paid C.W. approximately \$6,000 in cash, and that C.W. delivered a portion of this cash to Campbell. After receiving the cash, Campbell admitted the three individuals into the union, without first ensuring that they could operate any heavy equipment.

Counts One, Three, and Four each charge a violation of the federal conspiracy statute, and each charge carries a maximum statutory prison sentence of 5 years and a \$250,000 fine. Count Two charges Strannemar a violation of the Taft-Hartley Act, a federal law that makes it a crime for any labor official or employee to receive money or anything of value from an employer and also carries a maximum statutory prison sentence of 5 years and a \$250,000 fine.

An Indictment is merely an accusation. Despite Indictment, every defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

Christie credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun; Special Agents of the U.S. Department of Labor OIG, under the direction of Inspector General Gordon S. Heddell; and Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, and investigators from the Employee Benefits Security Administration, under the direction of Regional Director Jonathan Kay, with the investigation leading to today's arrests.

The case is being prosecuted by Assistant U.S. Attorney Anthony Moscato of the U.S. Attorney Office's Strike Force unit, in Newark.

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