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**US DEPARTMENT OF LABOR -OLMS AND FBI ARREST CORRUPT LABOR**  
**UNION OFFICIALS OF THE INTERNATIONAL LONGSHOREMEN'S**  
**ASSOCIATION LOCAL 1740**

**OPERATION "UNION DOCK" PRODUCES**  
**4 UNION OFFICIALS AND 6 BUSINESSMEN ARRESTS**

H.S. GARCIA, the United States Attorney for the District of Puerto Rico, CAROL CARTER, the Regional Director of the US Department of Labor - Office of Labor Management Standards, and LUIS S. FRATICELLI, the Special Agent in Charge of the Federal Bureau of Investigation (FBI), announced that on July 19, 2005, a Federal Grand Jury returned a twenty-three (23) count indictment charging JORGE L. APONTE-FIGUEROA, the President of both the International Longshoremen's Association (also known as "Union De Trabajadores de Muelles y Ramas Anexas de San Juan, Puerto Rico") and the District Council of International Longshoremen Association Locals in Puerto Rico (also known as "Consejo de Uniones De Trabajadores de Muelles y Ramas Anexas de Puerto Rico"), along with three (3) additional union officials, attorney ADA PEREZ-ALONSO, ENRIQUE SOSA-HERNANDEZ, AND MILAGROS PAGAN-

MORALES; six (6) businessmen, ANGEL RAMALLO-DIAZ, RAFAEL-GARCIA-PEREZ, FERNANDO SANCHEZ-BENCON, EDUARDO SANCHEZ-BENCON, FRANCISCO CONSUEGRA-LASTAYO, and GUILLERMO RIVERA-OLIVER; as well as three (3) corporations known as RAMALLO BROS., INC., CONSUEGRA , INC., and RRO, INC., with one count (1) of conspiracy to embezzle labor union funds; one count (1) of conspiracy to embezzle ERISA funds; five (5) counts of embezzlement of labor union funds; four (4) counts of embezzlement and misapplication of Health Care Program Funds; one (1) count of conspiracy to launder money embezzled from union dues; and five (5) counts of making a false record.

Forfeiture allegation charges were also filed in relation to the commission of labor union embezzlement, health care fraud, and money laundering. The defendants have been charged with violations of Title 18, United States Code, Sections 2, 371, 669, 981, 982, 1956, Title 28, Section 2461, and Title 29, Sections 439, 501.

Investigators of the U.S. Department of Labor, in collaboration with agents of the Federal Bureau of Investigations (FBI), conducted a joint investigation into corrupt and dishonest union officials of the International Longshoremen's Association Local 1740, also known as "UTM Local 1740," who engaged into the embezzlement of labor union funds and health care program funds.

The indictment alleges that defendants JORGE L. APONTE-FIGUEROA, President of both the International Longshoremen's Association (also known as "Union De Trabajadores de Muelles y Ramas Anexas de San Juan, Puerto Rico" ) and the District Council of International Longshoremen Association Locals in Puerto Rico (also known as "Consejo de Uniones De Trabajadores de Muelles y Ramas Anexas de Puerto Rico"), and ENRIQUE SOSA-HERNANDEZ, Sub-Director of an employee benefit plan known as "Plan de Bienestar UTM -PRSSA," conspired

to embezzle union funds in excess of one million nine hundred fifty thousand dollars (\$1,950,000.00) from the International Longshoremen's Association Local 1740, also known as "UTM Local 1740." It was the purpose and object of the conspiracy for defendants to unlawfully enrich themselves and others, by embezzling millions of dollars from UTM Local 1740 and its individual members, through a pattern of unlawful diversion of funds and deceptive conduct designed to conceal the embezzlement of union funds.

As part of the conspiracy designed to embezzle labor union funds, defendant ENRIQUE SOSA-HERNANDEZ personally picked-up union dues checks issued by employers and provided a substantial number of those checks to defendant FERNANDO SANCHEZ-BENCON at Puerta de Tierra Discount (a business) for cashing. Defendant SOSA-HERNANDEZ also converted some of the union dues checks payable to UTM Local 1740 to "official manager checks" payable to UTM Local 1740 and provided them to defendant FERNANDO SANCHEZ-BENCON for cashing. Defendant SANCHEZ-BENCON converted union dues checks payable to UTM Local 1740 and manager checks payable to UTM Local 1740 to cash, by either using his own business account or providing the checks to EDUARDO SANCHEZ-BENCON and FRANCISCO CONSUEGRA-LASTAYO (owner of Joyería Consuegra in Old San Juan), both for cashing. Defendant FERNANDO SANCHEZ-BENCON delivered the cash generated from cashing the UTM Local 1740 checks to defendant ENRIQUE SOSA-HERNANDEZ, less the percentage charged for cashing the checks, which varied from 5% to 10%, depending on the number of persons involved in the process of cashing a particular check.

The indictment also charges that defendant EDUARDO SANCHEZ-BENCON obtained UTM Local 1740 checks from defendant ENRIQUE SOSA-HERNANDEZ or defendant

FERNANDO SANCHEZ-BENCON and charged a fee for each UTM Local 1740 check cashed. Defendant EDUARDO SANCHEZ-BENCON cashed UTM Local 1740 checks through accounts associated with him and through CONSUEGRA, INC. This defendant also converted the UTM Local 1740 checks to cash by purchasing merchandise with those checks at El Grillon Liquor Store using UTM Local 1740 checks which had been fraudulently endorsed, and obtaining the balance in cash from GUILLERMO RIVERA-OLIVER. The aforementioned defendant deposited the checks in an account held by RRO, Inc. Defendant RIVERA-OLIVER charged a fee for each UTM 1740 check cashed.

The indictment also alleges that defendant FRANCISCO CONSUEGRA-LASTAYO authorized UTM Local 1740 checks to be cashed at CONSUEGRA, INC. (jewelry store) in Old San Juan. This defendant charged a fee fluctuating from 1.5% to 5% of the amount of each check cashed through his business. Defendants FERNANDO SANCHEZ-BENCON, EDUARDO SANCHEZ-BENCON, FRANCISCO CONSUEGRA -LASTAYO, and GUILLERMO RIVERA-OLIVER kept the monies they charged for cashing the UTM Local 1740 checks for their own benefit.

It was further part of the manner and means of the conspiracy that in order to conceal the embezzlement of the union dues from the Department of Labor, defendant JORGE L. APONTE-FIGUEROA, falsely under-reported the amount of dues paid to UTM Local 1740 in Forms LM-2 and LM-3. Between 1999 and 2004, defendant APONTE-FIGUEROA failed to report the amount of one million four hundred thousand eighty-nine four hundred seven-ty-eight dollars and eighty nine cents (\$1,489,478.89).

As part of the conspiracy to embezzle ERISA funds, defendants JORGE L. APONTE-FIGUEROA, ADA PEREZ-ALFONZO, MILAGROS PAGAN-MORALES, ANGEL RAMALLO-DIAZ, RAFAEL GARCIA-PEREZ, and a corporation known as RAMALLO BROS., INC., conspired to unlawfully convert to their own use monies exceeding Eight Million Dollars (\$8,000,000.00) of an employee welfare benefit plan or employee pension benefit plan known as "Plan de Bienestar." The object of the conspiracy was to enrich themselves by embezzling million of dollars from the "Plan de Bienestar" through a series of repetitive financial transactions designed to divert monies from the aforementioned plan and to create the appearance of legitimacy, thereby concealing the unlawful diversion of the funds.

It was part of the manner and means of the conspiracy for defendants to embezzle monies from the Plan de Bienestar by issuing checks to defendant RAMALLOS BROS., INC. (printing business) and to RAFAEL GARCIA-PEREZ' shell companies, Caribbean Services, San Juan Community and Metropolitan, from the Health Plan Account for services not rendered to the Health Plan and using the proceeds for their personal benefit. Defendants JORGE L. APONTE-FIGUEROA and ADA-PEREZ-ALFONSO authorized those payments to defendant RAMALLO BROS., INC. and RAFAEL GARCIA-PEREZ' shell companies, from the Health Plan Account. Defendant RAMALLO BROS., INC. charged a fee fluctuating from 10% to 30% of the amount of each Health Plan check cashed and funneled the monies back to defendant MILAGROS PAGAN-MORALES. Defendant ANGEL RAMALLO-DIAZ kept the BBV account off defendant RAMALLO BROS., INC.s' accounting books in order to prevent detection of the fraudulent scheme.

Defendant RAFAEL GARCIA-PEREZ funneled millions of dollars generated by the above fraudulent scheme to defendants JORGE L. APONTE-FIGUEROA, ADA PEREZ-ALFONSO and MILAGROS PAGAN-MORALES, by providing defendant MILAGROS PAGAN-MORALES with either cash or checks payable to cash or to third parties. Defendant GARCIA-PEREZ charged a fee fluctuating from ten to thirty percent (10% to 30%) of the value of each Health Plan Account check he received and caused to be cashed from the unlawful scheme.

The following defendants were charged in the indictment:

1. JORGE L. APONTE-FIGUEROA, born on 02/19/1934, of Carolina, P.R., who is President of UTM Local 1740, the President of the District Council of ILA Local in Puerto Rico, and the President of the Board of Trustees that oversees the Plan De Bienestar;
2. ADA PEREZ-ALFONSO, born on 01/30/1937, of San Juan, Puerto Rico, who is an attorney and Executive Director of the Plan de Bienestar;
3. ENRIQUE SOSA-HERNANDEZ, born on 10/19/43, of Carolina, P.R., who is the Sub-Director of the Plan de Bienestar;
4. MILAGROS PAGAN-MORALES, born on 12/12/1931, of San Juan, Puerto Rico, who is the Financial Director of the Plan de Bienestar;
5. EDUARDO SANCHEZ-BENCON, born on 5/16/1940, of San Juan, Puerto Rico, who is union member and delegate, and the owner of Puerta De Tierra K-Chito and Isela's Liquor Store, both located in Puerta de Tierra, San Juan, Puerto Rico;
6. GUILLERMO RIVERA-OLIVER, born on 04/08/1972, of Cataño, Puerto Rico, who is a businessman and the owner of RRRO, Inc., which conducted business under the name of "El Grillon Cash & Carry." El Grillon, is a liquor store located in Santurce, Puerto Rico;

7. ANGEL RAMALLO-DIAZ, born on 08/12/1948, of San Juan, Puerto Rico, who is a businessman and the president and a shareholder of RAMALLO BROS., INC., a printing company;

8. RAFAEL GARCIA-PEREZ, born on 08/03/1952, of San Juan, Puerto Rico, who is a businessman and was RAMALLO BROS., INC.'s comptroller from January 1995 through the latter part of 1999. After resigning from RAMALLO BROS., INC., he incorporated three shell companies: Caribbean Consulting Services, Inc., San Juan Community Distribution Services, Inc., and Metropolitan Group, Inc.;

9. FRANCISCO CONSUEGRA-LASTAYO, born on 08/29/1926, of Cataño, Puerto Rico, who is a businessman and the owner of Consuegra, a jewelry store located in Old San Juan, Puerto Rico;

10. FERNANDO SANCHEZ-BENCON, born on 10/16/1944, of San Juan, Puerto Rico, who is a businessman and the owner of Puerta de Tierra Discount, a discount store located in Puerta de Tierra, San Juan, Puerto Rico;

11. RAMALLO BROS., INC., was a corporation duly created in 1965 pursuant to the laws of the Commonwealth of Puerto Rico;

12. CONSUEGRA, INC. was a corporation duly created pursuant to the laws of the Commonwealth of Puerto Rico; and,

13. RRO, INC. was a corporation duly created pursuant to the laws of the Commonwealth of Puerto Rico.

Penalties for the offenses alleged in the indictment range from a minimum of five (5) years to a maximum of twenty (20) years of imprisonment and fines up to half a million dollars (\$500,000.00) or twice the value of the properties involved in the transaction.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial and the government has the burden of proving guilt beyond a reasonable doubt.

This case was investigated by the US Department of Labor, the Federal Bureau of Investigation (FBI), and the United States Attorney's Office for the District of Puerto Rico. The case is being prosecuted by Assistant US Attorneys Sonia Torres, Nereida Meléndez, and Marcos López. Forfeitures are being handled by Assistant US Attorney Aramis Ríos.

Today, during morning hours, more than eighty-five (85) special agents and law enforcement officers of the FBI, and the US Department of Labor, executed a total of six (6) federal search warrants. In particular, search warrants were executed at two (2) residences located in the municipality of Carolina and one residence located in the Miramar area. Search warrants were also executed at the following business locations: ILA Local 1740, Puerta de Tierra, San Juan; Plan de Bienestar UTM, Puerta de Tierra, San Juan; and Plan de Bienestar UTM, Loíza Street, San Juan.

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