

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	No.
)	
v.)	<u>Violations</u> : Title 18,
)	United States Code,
JOSEPH LAMPIGNANO and)	Sections 1001(a)(2) and 1341
GIOVANNI "JOHN" TRAVERSA)	

COUNT ONE

The UNITED STATES ATTORNEY charges:

1. At times relevant to this information:

The Defendants

a. Defendant JOSEPH LAMPIGNANO was the vice president and co-owner of A Lamp Concrete Contractors, Inc., doing business as A Lamp Road Builders, a road-building and heavy-highway construction and contracting company based in Schaumburg, Illinois. A Lamp contracted with municipal, county, and state authorities to construct and resurface roads in the Chicago area.

b. LAMPIGNANO was in charge of, and directed, A Lamp's day-to-day operations, including employee payroll.

c. Co-defendant Giovanni "John" Traversa was a superintendent, responsible for, among other things, supervising road construction projects in the field.

The Collective Bargaining Agreements

d. A Lamp was a party to successive collective bargaining agreements with a labor union known as the Construction and General Laborers'

District Council of Chicago and Vicinity, and various local affiliates. The collective bargaining agreements governed all aspects of the labor-management relationship, including employee wages, benefits, and dues.

e. The collective bargaining agreements required A Lamp to pay a specified wage to covered employees and, for every hour worked by such employees, to contribute a specific hourly wage rate to an employee pension fund, an employee welfare fund, and an employee training fund, namely, the Laborers' Pension Fund, the Laborers' Welfare Fund, and the Laborers' Training Fund of the Construction and General Laborers' District Council of Chicago and Vicinity.

f. A Lamp was required to make its contributions to the funds on a monthly basis. With those contributions, A Lamp was required to submit to the funds' administrator a report, known as a contribution or remittance report, identifying the covered employees who worked for A Lamp during the month, the number of hours that those employees worked during the month, and the amount of contributions that A Lamp was required to make to the funds on behalf of those employees.

g. A Lamp was authorized to transmit its contributions and contribution reports electronically or by mail. In each contribution report, an authorized officer or agent of A Lamp was required to warrant that such report accurately stated all hours worked by all covered employees.

The Civil Lawsuit and Settlement

h. In or about November 2011, the funds and their administrator

filed a civil lawsuit to compel A Lamp to submit its books and records for an audit to determine whether A Lamp had made the required contributions to the funds and to the union during the prior three-year period covering October 1, 2008 through September 30, 2011.

i. The union subsequently filed a grievance against A Lamp, alleging that A Lamp owed wages and benefits to certain laborers.

j. On or about April 1, 2013, A Lamp entered into a settlement agreement with the funds, the funds' administrator, and the union, pursuant to which A Lamp agreed to pay a total of approximately \$545,357 for unpaid wages owed to twenty-four laborers, including Inocente G. and Ismael S. A Lamp further agreed to pay approximately \$1,043,674, including interest and penalties, to the Laborers' pension fund.

k. On or before April 15, 2013, A Lamp issued settlement checks payable to each of the twenty-four laborers identified in the settlement agreement, in amounts to which A Lamp agreed pursuant to the settlement agreement.

The Fraud Scheme

2. Beginning no later than in or about 2008, and continuing until at least in or about October 2013, at Schaumburg, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH LAMPIGNANO,

defendant herein, knowingly devised a scheme to defraud, as described in more detail below.

3. LAMPIGNANO carried out the fraud scheme through various methods and means, including, but not limited to:

a. assigning laborers to work on government-funded road construction projects without paying them the wage rate required to be paid pursuant to the terms of the collective bargaining agreements;

b. falsifying A Lamp's payroll records to make it appear as if A Lamp was paying the union wage rate to all of its laborers, when in fact it was not;

c. submitting to the funds' administrator materially false contribution reports which under-reported the number of hours worked by certain laborers and the amount of contributions required to be made by A Lamp to the funds on their behalf; and

d. soliciting and collecting cash kickbacks from laborers who had received settlement checks for unpaid work hours.

A. *Failing to Pay the Union Wage Rate*

4. It was part of the scheme that LAMPIGNANO intentionally failed to pay the union wage rate to certain laborers who worked on road construction projects covered by the collective bargaining agreements. LAMPIGNANO instead decided to pay those laborers less than the union wage rate, knowing that such laborers would perform work covered by the terms of the collective bargaining agreements and that, pursuant to the collective bargaining agreements, A Lamp was required to pay them the union wage rate for covered work.

5. It was further part of the scheme that LAMPIGNANO and A Lamp profited from multi-million-dollar, government-funded road construction contracts, while depriving certain laborers of wages to which they were entitled, depriving the funds of contributions to which they were entitled, and depriving the union of dues to which it was entitled pursuant to the collective bargaining agreements.

B. Falsifying A Lamp's Payroll Records

6. It was further part of the scheme that LAMPIGNANO knowingly and intentionally caused A Lamp's payroll records to be falsified to make it appear as if A Lamp was paying the union wage rate to all of its laborers. More specifically, LAMPIGNANO directed and caused members of A Lamp's payroll staff to falsify A Lamp's payroll records to reflect that certain laborers were being paid more than they were actually being paid and that they worked fewer hours than they had actually worked. As a result, A Lamp's payrolls inflated the wage rates and under-reported the number of hours worked by those laborers on road construction projects covered by the terms of the collective bargaining agreements.

7. It was further part of the scheme that LAMPIGNANO directed and caused his payroll staff to sign, and thereby falsely certify, that A Lamp's payrolls were complete and correct, when in fact LAMPIGNANO knew that such payrolls were not complete and correct because such payrolls did not completely and correctly report all of the hours worked by all laborers and the wage rates at which A Lamp paid such laborers.

8. It was further part of the scheme that LAMPIGNANO knowingly caused A Lamp's payroll records to be falsified, as described above, so that he could mislead the union and the funds into believing that A Lamp was paying the union wage rate and benefits to all of its laborers for all hours worked, when in fact LAMPIGNANO knew that certain laborers were not paid full wages and benefits to which they were entitled pursuant to the collective bargaining agreements.

C. Submitting False Contribution Reports to the Funds

9. It was further part of the scheme that LAMPIGNANO knowingly and intentionally caused his payroll staff to prepare materially false contribution reports. LAMPIGNANO knew that such contribution reports were materially false in that they under-reported (i) the number of hours worked by certain laborers, and (ii) the amount of contributions that A Lamp was required to make to the funds on behalf of those laborers.

10. It was further part of the scheme that LAMPIGNANO knowingly and intentionally caused A Lamp's administrative staff to issue contribution checks based on the fraudulently-reduced work hours as reported in the materially false contribution reports. LAMPIGNANO then caused A Lamp's payroll staff to submit the materially false contribution reports and contribution checks to the funds' administrator and to falsely warrant that such reports and contributions were accurate, when in fact LAMPIGNANO knew that they were not accurate. In so doing, LAMPIGNANO knowingly deprived certain laborers and the funds of

contributions that A Lamp was required to make pursuant to the collective bargaining agreements.

D. Collecting Cash Kickbacks from Laborers

11. It was further part of the scheme that LAMPIGNANO settled the funds' civil lawsuit and the union's grievance by agreeing to pay certain sums of money to twenty-four laborers for unpaid wages, knowing that he intended to later request the laborers to repay some of the settlement money that he had agreed to pay them.

12. It was further part of the scheme that, subsequent to the payment of the settlement funds, LAMPIGNANO directed Traversa and others to approach certain laborers and ask them to repay a portion of the money that they had received pursuant to the settlement agreement.

13. It was further part of the scheme that LAMPIGNANO provided Traversa with a list of the amounts of settlement money that A Lamp had paid to each of the twenty-four laborers, and how much he (LAMPIGNANO) wanted to be repaid (totaling \$140,000) by nineteen of those laborers.

14. It was further part of the scheme that LAMPIGNANO and Traversa approached certain laborers, at different times and places, and asked them to repay some of the settlement money that they had received—money which the laborers had earned and to which LAMPIGNANO and Traversa were not entitled—all without the knowledge of the union or the funds' administrator, and in contravention of the settlement agreement.

15. It was further part of the scheme that LAMPIGNANO, Traversa, and others used their positions of power and authority to induce certain laborers to pay kickbacks, in cash, in an amount totaling at least \$64,000.

Loss Resulting from the Scheme

16. As a result of the fraudulent acts and concealment of material facts by LAMPIGNANO:

a. A Lamp's payroll records failed to properly account for all of the hours worked by certain laborers on road construction projects covered by the collective bargaining agreements;

b. A Lamp failed to pay full wages to all of those laborers, in an amount totaling more than \$1,500,000;

c. A Lamp failed to make required contributions to the funds, in an amount totaling more than \$1,000,000; and

d. At least eleven laborers paid cash kickbacks in an amount totaling at least \$64,000.

Execution of the Scheme

17. On or about October 10, 2011, at Schaumburg, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH LAMPIGNANO,

defendant herein, for the purpose of executing the scheme, knowingly caused to be delivered by mail, according to the direction thereon, an envelope addressed to the Laborers Pension Fund, 33367 Treasury Center, Chicago, Illinois 60694-3300, which envelope contained a contribution check from A Lamp payable to the Laborers Pension Fund in the amount of approximately \$425,104, an amount below the required collective bargaining agreement rate;

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

The UNITED STATES ATTORNEY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. On or about January 29, 2014, at Bartlett, in the Northern District of Illinois, Eastern Division,

GIOVANNI "JOHN" TRAVERSA,

defendant herein, knowingly and willfully made materially false, fictitious, and fraudulent statements and representations in a matter within the jurisdiction of the Federal Bureau of Investigation and the U.S. Department of Labor's Office of Inspector General, agencies of the executive branch of the Government of the United States. More specifically, in an investigative interview conducted by agents of the Federal Bureau of Investigation and the U.S. Department of Labor's Office of Inspector General, defendant GIOVANNI "JOHN" TRAVERSA stated that:

- a. he did not instruct any laborers to return their settlement money to him or to A Lamp;
- b. he collected money from Inocente G. on October 10, 2013, because Inocente G. owed rent to Joseph Lampignano; and
- c. he did not know why Lampignano wanted him to collect money from Ismael S.;

Whereas in truth and fact, as TRAVERSA then knew, such statements were materially false because:

- a. he did instruct one or more laborers to repay settlement money;

b. the money that he collected from Inocente G. did not constitute rent owed to Lampignano; and

c. he sought to collect money from Ismael S. because he knew that Lampignano wanted Ismael S. to repay a portion of his settlement money;

In violation of Title 18, United States Code, Section 1001(a)(2).

UNITED STATES ATTORNEY