



***United States Attorney
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**TWO OFFICIALS FROM JERSEY CITY LOCAL 148 INDICTED FOR
EMBEZZLING HUNDREDS OF THOUSANDS FROM THE UNION**

Newark, N.J. – The president and secretary-treasurer of Local 148 of the Production Workers Union were arrested this morning on charges that they embezzled hundreds of thousands of dollars from the union by giving themselves unauthorized salary increases, bonuses, and paid vacations, U.S. Attorney Paul J. Fishman announced.

Stephen P. Arena, 55, of Nesconset, N.Y., and David J. Caivano, 55, of Bloomfield, N.J., were arrested at their residences by special agents from the Department of Labor–Office of Inspector General, Office of Labor Racketeering and Fraud Investigations. Both men are charged in a 29-count Indictment unsealed today. The defendants are expected to appear this afternoon before United States Magistrate Judge Esther Salas in Newark federal court.

According to the Indictment:

Local 148 of the Production Workers Union of the Allied, Novelty, and Production Workers of America, located in Jersey City, N.J., represents workers from various trades, including bus drivers, hotel workers, and factory workers. The union also sponsors the Production Workers Union-Local 148 Welfare Fund, an employee benefit plan which provides health benefits to some of Local 148's members.

Arena is employed by Local 148 as its president and, as the union's most senior officer, is responsible for conducting the union's day-to-day operations. He is also a trustee on the Welfare Fund's Board of Trustees. Caivano is employed by the union as its recording secretary/secretary-treasurer, and is responsible for the union's finances, maintaining its books and records, and keeping a correct record of all union proceedings, among other duties. Caivano is also the administrator of the Welfare Fund.

Arena and Caivano, contrary to their fiduciary duties as union officers, conspired to embezzle in excess of \$375,000 in money belonging to Local 148 by giving themselves unauthorized salary increases and bonuses that furthered no legitimate union purpose.

To carry out this scheme, Arena and Caivano stacked the union's executive board – the governing body of the union – with individuals who provided no oversight of their actions as union officers, then granted themselves significant salary increases and bonuses. Caivano falsified the minutes of the union's executive board and general membership meetings – creating

the illusion that the increases and bonuses had been presented and approved at the meetings. Caivano directed the union's payroll company to pay the unauthorized salary increases and bonuses to Arena via payroll checks and himself via direct deposit. In every year from 2005 through 2007, Arena and Caivano gave themselves \$300 a week salary increases and large year-end bonuses.

In addition, Caivano, after beginning to draw compensation from the union's welfare fund in early 2007, gave himself a \$300 a week salary increase from that fund, as well as holiday bonuses.

From 2006 through 2010, Arena traveled to Florida to attend union conferences. After the conferences ended, Arena remained in Florida and charged his union credit card for the extra days, causing the union to pay several thousand dollars in hotel bills for personal expenses. Caivano signed the union checks that paid for these expenses, which were not approved.

Count One charges Arena and Caivano with conspiracy to embezzle money from Local 148 related to the fraudulent salary and bonus scheme; Counts Two through 19 charge Arena and Caivano with embezzling money from Local 148 related to the fraudulent salary and bonus scheme; Counts 20 through 24 charge Caivano with embezzling money from Local 148's Welfare Fund, an employee benefit plan, related to the fraudulent salary and bonus scheme; Counts 25 through 29 charge Arena and Caivano with embezzling money from Local 148 related to the Florida hotel charges.

The maximum potential penalty per defendant per charge is five years in prison and a fine of \$250,000.

U.S. Attorney Fishman credited special agents of the Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, under the direction of Special Agent in Charge Marjorie Franzman; and investigators from the United States Department of Labor, Office of Labor-Management Standards, New York District Office, under the direction of District Director Ralph Gerchak, with the investigation leading to today's Indictment.

The government is represented by Assistant U.S. Attorney Anthony Moscato and V. Grady O'Malley, Senior Litigation Counsel, of the U.S. Attorney Office's Organized Crime/Gangs Unit in Newark.

The charges and allegations made in the Indictment are merely accusations, and the defendants are considered innocent unless and until proven guilty.

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