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High Ranking Crime Family Soldier Pleads Guilty to Racketeering Charge

(More)

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NEWARK – A high-ranking soldier in the Gambino Crime Family pleaded guilty today to a federal charge of racketeering conspiracy for his role in running an enterprise that engaged in illegal gambling, extortion, fraud schemes and labor racketeering, U.S. Attorney Paul J. Fishman announced.

Andrew Merola, 42, of East Hanover and Toms River, pleaded guilty before U.S. District Judge Stanley R. Chesler to Count One of a federal Indictment that charged him with RICO conspiracy. Judge Chesler continued the defendant's release on a \$1 million bond with the condition of home confinement pending sentencing, which will be scheduled at a future date. The remainder of the counts against Merola will be dismissed at sentencing.

On May 8, 2008, federal authorities announced that Merola, one of the Gambino Crime Family's highest-ranking members in New Jersey, and 22 other made members and associates, including a made member of the Lucchese Crime Family, were named in a federal racketeering Indictment that charges them with running an enterprise that engaged in illegal gambling, extortion, fraud schemes and labor racketeering. Merola, also known as "Andrew Knapik," who was the lead defendant, had ultimate authority in the management and supervision of a crew of the Gambino Crime Family, according to the 30-count Indictment. The investigation involved wiretaps of cellular telephones, a car bug, consensual recordings, search warrants, and surveillances.

With Merola's guilty plea, 20 of the 23 defendants have pleaded guilty to their roles in the various conspiracies.

At his plea hearing, Merola admitted that between February 2002 and March 2008, he was associated with other individuals in an enterprise, which according to the Indictment was known as the Gambino Crime Family, that operated principally in New Jersey and New York. Merola admitted that he conducted the affairs of the enterprise through a pattern of illegal activity that included the commission of the racketeering acts. Merola admitted that the purpose of the enterprise was to make money for its associates through participation in these criminal activities.

In pleading guilty, Merola admitted committing nine specific racketeering acts which included; the operation of an illegal gambling business; collection of an extension of credit by extortionate means; conspiracy to commit wire fraud involving a bar code scheme, as well as a credit card scheme to defraud stores such as Lowes, Home Depot and others; conspiracy to extort lunch truck vendors; two Taft-Hartley violations that involved demanding and/or receiving unlawful labor payments or bribes; wire fraud involving the theft of honest services where individuals were permitted to bypass the out-of-work list of Local 1153 of the Laborers International Union of North America; and wire fraud involving a no show/low show job Merola had while employed as an operating engineer for Local 825 of the International Union of Operating Engineers.

In regards to the illegal gambling operation, Merola admitted bets on sporting events, as well

as casino-style games, were placed through an Internet website that operated overseas and by phone calls placed to a toll-free telephone number. Merola admitted that when gambling agents were delinquent in making their payments to him, at times it resulted in the use of threats of violence to insure collection of their gambling debt to the enterprise.

According to the Indictment, Merola, Ralph Cicalese, 56, of Roseland, Charles Muccigrosso, 68, also known as "Buddy Musk," of Newark, Kyle Ragusa, 41, of East Hanover, John Tizio, 48, of Orange, India Fugate, 28, of Newark, Vincent Fichera, 47, of Toms River, and others, fraudulently purchased merchandise at a greatly reduced price from stores, including Lowe's Home Improvement, by creating and using fraudulent bar code labels which falsely represented the true price of the merchandise.

Furthermore, Merola and Fugate, who worked as a customer service associate at Lowe's Home Improvement, engaged in a scheme to fraudulently obtain personal identification information from Lowe's customers in order to obtain a temporary Lowe's customer credit card and thereafter purchase merchandise without the knowledge or permission of the true account holders, according to the Indictment.

The Indictment also describes a scheme whereby Merola conspired with, reputed Lucchese Crime Family member Martin Tacetta, 56, of East Hanover, John Cataldo, 44, of Nutley, Business Organizer of Local 825, Paul Lanza, 54, and Jonathan Lanza, 25, both of Florham Park, to circumvent and ignore requirements of the collective bargaining agreement between Barone Construction and Local 825 involving the use of non-union labor at a construction project at the BMW of Morristown car dealership.

The Indictment describes a similar scheme whereby Merola and Cicalese conspired with Joseph Manzella, 49, of West Orange, Business Agent of Local 1153, to allow Par Wrecking Corporation to use non-union labor at a demolition project at the Prudential garage in Newark, in violation of the collective bargaining agreement with Local 1153. According to the Indictment, Par Wrecking paid more than \$35,000 in cash to Cicalese, who had been appointed as the Job Steward for Local 1153 at the Prudential garage construction site.

Merola also pleaded guilty to a scheme in which the Indictment identifies as Racketeering Act 11, which charges Merola, Cicalese, Manzella, and Michael Urgola, Local 1153 Business Manager, with knowingly and willfully devising a scheme to defraud Local 1153 members, by having Urgola and Manzella use their positions in the union to provide Merola's friends and criminal associates with jobs that they would otherwise not be able to obtain. According to the Indictment, Merola's friends and criminal associates were either not entitled to journeymen membership in Local 1153 and LIUNA and/or not entitled to work referrals ahead of other employees and Local 1153 members awaiting their turn on Local 1153's out-of-work list in accordance with union hiring rules. On Dec. 3, 2009, Urgola pleaded guilty to his role in this wire fraud conspiracy.

Merola and Muccigrosso were also charged with defrauding Kiska Construction, their

employer at a construction project at the Goethal's Bridge. According to the Indictment, Merola and Muccigrosso were paid for full-time employment, when in fact, they alternated work weeks with each other, so that each of them only was at work part-time. Cataldo and Joseph Schepisi, 39, of Scarsdale, N.Y., foreman for Kiska Construction, were alleged to have assisted in the scheme.

Merola faces a statutory maximum penalty of 20 years in federal prison, a \$250,000 fine, forfeiture of \$100,000 in lieu of the Government forfeiting Merola's East Hanover and Toms River houses, an order of restitution, and costs of prosecution when he is sentenced by Judge Chesler.

In determining an actual sentence, Judge Chesler will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Fishman credited Special Agents of the FBI, under the direction of Acting Special Agent in Charge Kevin B. Cruise; Special Agents of the U.S. Department of Labor Office of Inspector General, under the direction of Marjorie Franzman, Special Agent in Charge, New York Region; Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord; State Troopers with the New Jersey State Police, under the direction of Superintendent Col. Rick Fuentes; and the Union County Prosecutor's Office, under the direction of Prosecutor Theodore Romankow, with the investigation leading to today's guilty plea.

The case is being prosecuted by Assistant U.S. Attorney Ronald D. Wigler of the Criminal Division's Strike Force Unit, in Newark.

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Thomas Ashley, Esq. Newark