



COUNTS TWO THROUGH NINE

2. On or about the dates set forth below, in the Southern District of New York and elsewhere, MELISSA G. KING, the defendant, in an offense involving and affecting interstate and foreign commerce, unlawfully, willfully, and knowingly engaged and attempted to engage in monetary transactions in criminally derived property of a value greater than \$10,000 that was derived from specified unlawful activity, to wit, KING caused the proceeds of a violation of Title 18, United States Code, Section 664, as alleged in Count One of this Complaint, to be wired from a bank account in Waltham, Massachusetts, into bank accounts in Yonkers, New York, as set forth below:

<u>COUNT</u>	<u>DATE</u>	<u>TRANSACTION</u>
TWO	February 22, 2006	Wire transfer of approximately \$175,000.
THREE	February 23, 2006	Wire transfer of approximately \$50,000.
FOUR	February 23, 2006	Wire transfer of approximately \$25,000.
FIVE	September 13, 2006	Wire transfer of approximately \$150,000.
SIX	July 25, 2007	Wire transfer of approximately \$230,000.
SEVEN	August 22, 2007	Wire transfer of approximately \$600,000.
EIGHT	October 9, 2007	Wire transfer of approximately \$450,000.
NINE	January 7, 2008	Wire transfer of approximately \$300,000.

(Title 18, United States Code, Sections 1957 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

3. I have been a Special Agent with United States Department of Labor ("DOL"), Office of Inspector General ("OIG"), for the past eight years, and am currently assigned to the DOL OIG's Office of Labor Racketeering and Fraud Investigations, which is responsible for investigating, among other offenses, employee benefit fund fraud and embezzlement. Through my experience as a law enforcement officer, and through the training I have received, I am familiar with the ways and means by which individuals defraud employee benefit plans and launder the proceeds thereof, and engage in other federal offenses. From my participation in this investigation, my conversations with law enforcement officers and others, and my review of documents, I am familiar with the facts and circumstances of this investigation. Because this affidavit is being submitted for a limited purpose, I have not included in it everything I know about this investigation. Where the contents of documents and the actions, conversations, and statements of others are related herein, they are related in substance and in part.

THE LOCAL 147 FUNDS

4. I have spoken with representatives of the trustees of three employee benefit plans associated with the Compressed Air and Free Air Foundations, Tunnels, Caissons, Subways, Cofferdams, Sewer Construction Workers Local No. 147 of New York, New Jersey States and Vicinity AFL-CIO (which I refer to herein as "Local 147"), and have reviewed records they provided to me. I have learned the following:

a. At all times relevant to this Complaint, Local 147 is a labor union that has entered into collective bargaining agreements with construction companies that engage in various construction projects in and around the New York City area. Local 147 maintains administrative offices in the Bronx, New York. For most times relevant to this Complaint, Local 147 has had less than 400 members, however, since in or about 2008, the union has had approximately 1,000 members.

b. Local 147, and the employers with which it has collective bargaining agreements, have established plans that provide various fringe benefits to Local 147's members. These plans are supported by payments from employers who have entered into collective bargaining agreements with Local 147, and include (i) the Local 147 - Construction Workers Retirement Fund ("Retirement Fund"), which was established in or about 1970

to provide retirement benefits to eligible participants and beneficiaries; (ii) the Local 147 - Construction Workers Annuity Fund (the "Annuity Fund"), which was established in or about 1982 to provide annuity benefits to eligible participants and beneficiaries; and (iii) Local 147 Construction Workers Additional Security Benefits Fund ("ASB Fund"), which was established in or about 1983 to provide benefits such as severance, vacation, unemployment, workers' compensation, unreimbursed medical expenses and death benefits to eligible participants and beneficiaries. I shall hereinafter refer to the Retirement Fund, the Annuity Fund, and the ASB Fund collectively as the "Local 147 Funds" or the "Funds." Pursuant to the agreements that create each of the Local 147 Funds, each fund is governed by trustees (the "Trustees") who are appointed by both Local 147 and the employers with which it has collective bargaining agreements. The Trustees of each of the Funds have the authority to hire individuals to provide administrative and other services to the Local 147 Funds.

5. Based on my conversations with other agents and officers at the DOL, my conversations with representatives of the Trustees and my review of documents related to the Local 147 Funds, it appears that the Local 147 Funds are employee welfare benefit plans and/or employee pension benefit plans subject to the Employee Retirement Income Security Act of 1974.

THE DEFENDANT AND KING CARE, LLC

6. According to representatives of the Trustees and records they provided to me, it appears that at all times relevant to this Complaint, MELISSA G. KING, the defendant, by and through the company that she controls, King Care, LLC ("King Care"), provided administrative services to the Local 147 Funds.<sup>1</sup>

7. Since on or about January 1, 2002, the relationship of MELISSA G. KING, the defendant, to each of the Local 147 Funds has been governed by a written agreement (the "Agreements") which I have reviewed. The Agreements provide, among other things, that KING, through King Care, is to collect employer contributions to the Local 147 Funds, maintain bank accounts for the Funds, determine eligibility for benefits, make

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<sup>1</sup> Based on information provided by representatives of the Trustees, I understand that KING was first hired to provide administrative services in or about 1980 through a company called "King Administrators Ltd." In or about 1998, KING changed the name of this company to King Care LLC.

appropriate filings on behalf of the funds with regulatory agencies, including the DOL, maintain a general ledger of the funds' income and expenses, and provide periodic reports to the Trustees. In return, the Agreements provided that King Care would be paid \$10,000 per month in quarterly payments for each of the Local 147 Funds, for a total of \$30,000 per month.<sup>2</sup> In addition, the Agreements provided, among other things, that King Care may bill the Local 147 Funds for hiring additional staff and for expenses related to King Care's administration of the Local 147 Funds. Pursuant to the agreement, King Care's expenses must be reconciled with the Local 147 Funds annually. The Agreements further provide that "[s]ervices which are not normally required in administering the Funds . . . are not within the scope of the Agreement and the Trustees agree that the Fund will be billed separately for the reasonable costs of providing such services."

8. According to representatives of the Trustees, at all times relevant to this Complaint, MELISSA G. KING, the defendant, was responsible for paying claims to the beneficiaries of the Local 147 Funds.

9. According to representatives of the Trustees, and based upon my review of documents provided by the Trustees and bank records, it appears that, at all times relevant to the Complaint, MELISSA G. KING, the defendant, maintained offices for King Care in two locations: the first at an address in New York, New York (the "New York King Care Office") and the second at a residential address in Westchester County ("Westchester King Care Office"). Based on my review of information in a publically-available database, it appears that KING may live at the Westchester King Care Office.

#### EMBEZZLEMENT OF FUND PROCEEDS

10. According to representatives of the Trustees, and based upon my review of documents provided by the Trustees and bank records, it appears that, at all times relevant to the Complaint, each of the Local 147 Funds had an account at a Bronx, New York branch of a bank ("Bank-1"), which I shall refer to hereinafter as the "Retirement Fund Account," the "Annuity Fund Account," and the "ASB Fund Account" and collectively as

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<sup>2</sup> According to representatives of the Trustees, in or about 2003, KING's monthly fees from each of the Local 147 Funds was increased from \$10,000 to \$15,000, for a total of \$45,000 per month and \$540,000 annually.

the "Local 147 Fund Accounts." Pursuant to her responsibilities as an administrator of the Local 147 Funds, MELISSA G. KING, the defendant, had the authority to use a stamp on behalf of the Trustees to sign checks drawn on the Local 147 Fund Accounts. The mailing address given for each of the Local 147 Fund Accounts was the Westchester King Care Office.

11. Based upon my review of bank records, it appears that, at all times relevant to this Complaint, King Care held a bank account at a Bank-1 branch located in Waltham, Massachusetts (the "King Care Account"). The mailing address for the King Care Account is the Westchester King Care Office.

12. Based on my review of bank records and records provided by the Trustees, between in or about September 2002 through in or about November 2008, at least \$42 million was transferred in the form of checks from the Local 147 Fund Accounts to the King Care Account, as detailed below:

<u>YEAR</u>	<u>TOTAL</u> <u>(Approximate)</u>
2002	\$1,040,000
2003	\$3,175,000
2004	\$4,205,000
2005	\$5,426,040
2006	\$7,677,192
2007	\$11,240,000
2008	\$9,845,000
TOTAL	\$42,608,232

13. Of the approximately \$42 million that MELISSA G. KING, the defendant, transferred from the Local 147 Fund Accounts to the King Care Account between in or about 2002 through in or about 2008, approximately \$9,417,136 was transferred from the Retirement Fund Account, approximately \$16,490,547 was transferred from the Annuity Fund Account, and approximately \$16,700,547 was transferred from the ASB Fund Account. The approximately \$42 million that KING transferred from the Local 147 Fund Accounts into the King Care Account was

approximately 74% of the total funds transferred into the King Care Account from in or about 2002 through in or about 2009. Based on my review of the bank records, it appears that the other funds transferred into the King Care Account do not represent a significant independent source of income.

14. According to bank records, each of the checks that were drawn on the Local 147 Fund Accounts and deposited into the King Care Account were made payable to "KingCare LLC," "KingCare" or some variation thereof. In or about 2002 and in or about early 2003, the checks transferring funds from the Local 147 Fund Accounts to the King Care Account had written in the memo line things such as "Reimbursement," "Fee," "Software," "Rent, phone, etc.," "Re," and "R," but starting in or about late 2003, the memo line was left blank.

15. According to bank records, the checks that were drawn on the Local 147 Fund Accounts and deposited into the King Care Account were most frequently made out in the amount of \$50,000 or in other amounts that are several increments of \$5,000 higher or lower, such as \$65,000 or \$35,000. In some instances, large amounts of money were transferred out of the Local 147 Fund Accounts and into the King Care Account over a short period of time, usually over the course of weeks or days. A few examples, among others, are detailed below:

a. Between on or about October 10, 2002, and on or about October 30, 2002, MELISSA G. KING, the defendant, wrote eight checks in the amount of \$50,000, one check in the amount of \$20,000, and one check in the amount of \$30,000, all of which were drawn on the Annuity Fund Account. Each of these checks were made payable to King Care and were deposited into the King Care Account, for a total of \$450,000.

b. Between on or about January 3, 2006, and on or about January 25, 2006, KING wrote ten checks in the amount of \$50,000, one check in the amount of \$45,000, and one check in the amount of \$40,000, all of which were drawn on the Retirement Fund Account. All of these checks were made payable to King Care and were deposited into the King Care Account, for a total of \$585,000.

c. On or about October 15, 2007, KING wrote six checks, each in the amount of \$50,000, drawn on the ASB Fund Account. All of these checks were made payable to King Care and

were deposited into the King Care Account, for a total of \$300,000.

d. On or about October 1, 2008, and on or about October 15, 2008, KING wrote a total of fourteen checks, each in the amount of \$65,000, drawn on the Annuity Fund Account. Each of these checks was made payable to King Care and were deposited into the King Care Account, for a total of \$910,000.

16. According to documents provided by the Trustees, it appears that between in or about 2003 and in or about 2008, MELISSA G. KING, the defendant, claimed, in reports filed with the DOL, to have incurred approximately \$22,827,060 in "other administrative expenses" in administering the Local 147 Funds. The claimed "other administrative expenses" were in addition to the monthly fee to which she was entitled under the Agreements. According to an individual ("Indiviudal-1") who is affiliated with a company ("Company-1") that has replaced King Care as the third party administrator of the Local 147 Funds and who has reviewed documents in connection with this case, it appears that in 2008, King Care's claimed administrative expenses were 56% of employer contributions collected for the Retirement Fund, 24% of employer contributions collected for the ASB Fund, and 88% of employer contributions collected for the Annuity Fund. Company-1 has, at all times relevant to this Complaint, administered Local 147's Welfare/Vacation Fund. In 2008, Company-1's claimed administrative expenses were just 5% of contributions collected for the Welfare/Vacation Fund.

17. According to bank records, between in or about November 2002 through in or about October 2009, nearly \$40 million was transferred out of the King Care account by, among other means, check, wire transfer, and account transfers. Many of these transfers appear to be unrelated to the Local 147 Funds. These apparently unauthorized transfers, include, among others, the following:

a. From in or about 2002 through in or about 2009, a total of approximately \$7,261,993 was paid to American Express from the King Care Account.

b. From in or about August 2004 through in or about October 2008, approximately \$2,343,160 was paid to an entity known as "Heritage Farm" from the King Care Account. According to the website [farmheritage.com](http://farmheritage.com), "Heritage Farm" is a

business in Massachusetts that, among other things, buys and sells horses and provides horse riding lessons.

c. From in or about March 2007 through in or about November 2007, approximately \$713,500 was paid to "Lugano Diamonds & Jewelry Inc." from the King Care Account.

d. From in or about June 2004 through in or about December 2008, approximately \$303,837 was paid to Neiman Marcus from the King Care Account.

e. From in or about November 2003 through in or about May 2007, approximately \$197,000 was paid to "Melissa King," "Melissa G. King," and "M G King" from the King Care Account.

f. On or about October 13, 2006, approximately \$500,000 was transferred from the King Care Account to an account at E-Trade Securities. According to information provided by the Trustees, MELISSA G. KING, the defendant was not authorized to invest the Local 147 Funds' assets.

g. On or about February 28, 2008, approximately \$325,000 was transferred from the King Care Account to an account held by "Wolfstone Stables and Sale." According to the website [www.wolfstonestables.com](http://www.wolfstonestables.com), "Wolfstone Stables & Sales, Inc." is a "premier training facility" located in Wellington, Florida and Stockton, New Jersey that seeks to produce "world class show jumping horses."

h. On or about January 9, 2008, approximately \$155,375 was paid by check from the King Care Account to The Ritz Carlton Palm Beach.

i. On or about June 6, 2008, approximately \$300,000 was transferred from the King Care Account to an account held by "Equi-Ventures, Inc." According to the website [www.equi-ventures.com](http://www.equi-ventures.com), "Equi-Ventures, Inc." is a horse farm in Pennsylvania that sells approximately 20 horses a year.

j. On or about January 14, 2008, approximately \$50,000 was paid by check from the King Care Account to "Equestrian Sport."

k. On or about June 2, 2008, approximately \$10,890 was paid by check from the King Care Account to "AIR

Equine." According to [www.airequine.net](http://www.airequine.net), "Air Equine" provides horse transportation services.

l. On or about May 23, 2005, approximately \$72,000 was paid to cash from the King Care Account.

m. On or about March 18, 2003 and on or about May 8, 2003, two checks totaling approximately \$31,871 were paid to "Elmwood Country Club."

n. From in or about January 2004 through in or about May 2007, approximately \$948,413 was paid from the King Care Account to "King Care," "King Care LLC," and "King Enterprises LP."

o. From in or about October 2005 through in or about September 2008, approximately \$95,000 was paid from the King Care Account to the "Washington International Horse Show."

p. From in or about November 2002 through in or about December 2008, approximately \$10,444,000 was transferred from the King Care Account to other bank accounts held by King Care.


18. According to bank records, MELISSA G. KING, the defendant, made several wire transfers of funds from the King Care Account into several different accounts at a bank ("Bank-2") located in Yonkers, New York, as detailed below:

<u>DATE</u>	<u>TRANSACTION</u>
February 22, 2006	Wire transfer of approximately \$175,000 from King Care Account into Bank-2 account held by "King Care LLC."
February 23, 2006	Wire transfer of approximately \$50,000 from King Care Account into Bank-2 account held by "King Care LLC."
February 23, 2006	Wire transfer of approximately \$25,000 from King Care Account into Bank-2 account held by "King Care LLC."
September 13, 2006	Wire transfer of approximately \$150,000 from King Care Account into Bank-2 account held by "King Care LLC."


<u>DATE</u>	<u>TRANSACTION</u>
July 25, 2007	Wire transfer of approximately \$230,000 from King Care Account into Bank-2 account held by "Trust Agreement between Jerome and Mabel King."
August 22, 2007	Wire transfer of approximately \$600,000 from King Care Account into Bank-2 account held by "Trust Agreement between Jerome and Mabel King."
October 9, 2007	Wire transfer of approximately \$450,000 from King Care Account into Bank-2 account held by "King Enterprises LP."
January 7, 2008	Wire transfer of approximately \$300,000 from King Care Account into Bank-2 account held by "Trust Agreement between Jerome and Mabel King."

19. According to representatives of the Trustees and documents they have provided, on or about October 30, 2008, the Trustees gave notice to MELISSA G. KING, the defendant, that the Agreements between the Local 147 Funds and King Care were being terminated as of December 31, 2008. In a separate notice dated October 29, 2008, the Trustees instructed KING that she is no longer authorized to pay administrative expenses from the Local 147 Funds. According to Federal Express records, on or about November 24, 2008, five 40-pound boxes were shipped, using the Local 147 Funds' Federal Express account, from the Westchester King Care Office to "Melissa King" at an address in West Palm Beach, Florida. According to representatives of the Trustees, the administrator hired to replace KING has not been able to locate all documents and records related to the Local 147 Funds.

WHEREFORE, deponent prays that a warrant issue for the arrest of the MELISSA G. KING, the defendant, and that she be imprisoned or bailed as the case may be.

  
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JOSEPH DELLA PENNA  
Special Agent  
U.S. Department of Labor  
Office of Inspector General

Sworn to before me this  
24th day of November, 2009

  
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HON. HENRY B. PITMAN  
UNITED STATES MAGISTRATE JUDGE  
SOUTHERN DISTRICT OF NEW YORK