

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
970 Broad Street, Seventh Floor  
Newark, New Jersey 07102

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***Christopher J. Christie, U.S. Attorney***

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Assistant U.S. Attorneys  
V. GRADY O'MALLEY and  
JUDITH H. GERMANO  
973-645-2725 and 2885, respectively

cart0307.rel  
FOR IMMEDIATE RELEASE  
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Former Sussex County Party Chairman Sentenced to  
Prison Plus House Arrest for Embezzling from Union He Founded

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(More)

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NEWARK – Former Sussex County political party chairman Charles W. Cart was sentenced today to six months in federal prison and six months of house arrest for conspiring to use his health benefits management company to pilfer from and ultimately bankrupt the labor union he once founded, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Dennis M. Cavanaugh also ordered Cart to pay \$144,077 in restitution to the bankruptcy trustee for the Health Fund for Local 16 of the United Service Workers of America in Newton. Judge Cavanaugh also fined Cart \$40,000, the maximum available fine.

Cart must surrender to the federal Bureau of Prisons by June 6 to begin serving his prison sentence. During his house arrest, Cart must wear an electronic bracelet to monitor his movements.

Cart pleaded guilty on May 24 to two counts of conspiracy. He admitted then to playing a critical role in schemes to enrich himself, as well as his co-conspirators, who included his father-in-law, Charles H. Wiener. Also benefitting from the fraud was co-defendant Marvin Raphael, who received \$7,000 monthly payments – at Cart’s direction – from the union’s Health Fund for “consulting services” that Raphael never performed.

Another defendant, Susan Donato, the former president of Local 16, pleaded guilty to a separate scheme to embezzle funds from the union.

All of the defendants pleaded guilty. Raphael is scheduled to be sentenced by Judge Cavanaugh on March 19. Wiener, of Boca Raton, Fla., pleaded guilty on April 21, and was sentenced on Jan. 23 to eight months of house arrest and three years of probation; he also was ordered to pay the same restitution amount as Cart. Donato, who was the first to cooperate against Cart and the others, was sentenced July 7, 2006, to five years of probation and ordered to pay restitution of \$49,622.

Cart also cooperated in the government’s investigation, and received consideration for that at sentencing. Cart, Wiener and Raphael were indicted on Feb. 23, 2005.

Cart is a former Sussex County political party chairman as well as the founder and former President of Local 16. He was also the CEO of Health Choice, Inc, a third-party health benefits administrator, also located in Newton, which was employed by the union in 1997 to manage the payment of medical expenses of the union membership, which paid per-member rates for Health Choice’s services.

During his guilty plea before Judge Cavanaugh, Cart admitted conducting two schemes to embezzle from the union and its health fund. Cart admitted that between May 2000 and November 2001, he directed payments of as much as \$11,500 per month to his father-in-law, under the guise of consulting fees to Wiener’s company, “People’s Consulting.” In fact, as Cart admitted, and as Wiener admitted previously, Wiener performed no legitimate services for the Local 16 Health Fund.

Cart admitted that the second scheme was set up in July 2000, when he met with Raphael and Donato in Florida. At that time, Cart said, he agreed to give Raphael a \$7,000-per-month consulting contract even as Raphael was not expected to perform any work for the money. Cart admitted that Raphael received \$84,000 from the fraudulent arrangement but that he, Cart, received approximately half of it himself in the form of checks to himself and a business he owned, and through a \$42,000 discount on a purchase of a Florida condominium from Raphael.

At their respective guilty pleas, Wiener and Raphael admitted conspiring to receive the payments for the bogus consulting deals. Donato pleaded guilty on Jan. 18, 2005, to embezzling union funds, including through the use of union credit cards for personal expenses.

Christie credited Special Agents from the Department of Labor, OIG, under the direction of Marjorie Franzman, Special Agent in Charge. Christie also credited Special Agents from the Labor Department's Employee Benefit Security Administration, Regional Director Jonathan Kay, with assisting in the investigation.

The case was prosecuted by Assistant U.S. Attorney V. Grady O'Malley, Senior Litigation Counsel, and Assistant U.S. Attorney Judith Germano, both of the U.S. Attorney's Office in Newark.

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Defense Counsel:

Cart: Alfred DeCotiis, Esq. and Jeffrey Smith, Esq., Teaneck

Wiener: Samuel Moulthrop, Esq., Morristown

Raphael: Frank Arleo, Esq., Hackensack

Donato: Sanford Roy Oxfeld, Esq., Newark