



*United States Attorney
Southern District of New York*

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**U.S. ARRESTS PRESIDENT OF UNION LOCAL REPRESENTING CITY
SCHOOL BUS DRIVERS FOR RACKETEERING OFFENSES COMMITTED
ON BEHALF OF GENOVESE ORGANIZED CRIME FAMILY**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, Assistant Director in Charge of the New York Office of the FBI, and RAYMOND W. KELLY, Commissioner of the New York City Police Department, announced the arrest today of SALVATORE BATTAGLIA, a/k/a "Hot Dogs," President of Local 1181 of the Amalgamated Transit Union ("Local 1181"), on charges of racketeering, racketeering conspiracy, extortion, unlawful labor payments, bribery, and obstruction of justice. It is alleged that BATTAGLIA committed these crimes using both his position as President of Local 1181 and his status as a member and associate in the Genovese Organized Crime Family of La Cosa Nostra ("LCN"). As alleged in the superseding Indictment unsealed in Manhattan federal court today:

Over a period of at least two years, BATTAGLIA and others agreed with owners of numerous bus companies that contract with the New York City Department of Education. BATTAGLIA and his associates agreed not to organize the companies' employees as members of Local 1181, and in return, BATTAGLIA and his associates collected illegal payments from the owners of the bus companies.

In addition, BATTAGLIA and others extorted a medical center located in Jamaica, New York. More specifically, BATTAGLIA and others agreed to make prompt and inflated per capita reimbursements from Local 1181's Welfare Fund to the medical center for services provided to union members. In exchange, BATTAGLIA and his associates demanded and received per capita cash payments from the owners and the operators of the medical center.

BATTAGLIA and others also received illegal kickbacks from various individuals who provided services to Local 1181 in exchange for Local 1181's agreement to contract with the service providers. Finally, the Indictment alleges that BATTAGLIA and others sought to obstruct the investigation of a federal grand jury in Manhattan into the involvement of the Genovese Organized Crime Family in the affairs of Local 1181, by providing false and misleading information regarding that relationship.

BATTAGLIA was initially charged in an Indictment (the "Original Indictment") filed last year, which charged twenty defendants - all of whom were named as members or associates of the Genovese Organized Crime Family or of other LCN crime families - with wide-ranging racketeering crimes and other offenses spanning more than a decade, including extortion, labor racketeering, loansharking, illegal gambling, and obstruction of justice. At the time, BATTAGLIA was solely charged with obstruction of justice offenses.

Among those charged in the Original Indictment with crimes related to the operation of Local 1181 were MATTHEW IANNIELLO, a/k/a "Matty the Horse," an Acting Boss of the Genovese Organized Crime Family; CIRO PERRONE, a Capo in the Genovese Organized Crime Family who supervised IANNIELLO's former crew; SALVATORE ESPOSITO, a/k/a "Zookie," a Soldier in the Genovese Organized Crime Family; DANIEL CILENTI, a Soldier in the Genovese Organized Crime Family; and MAURICE NAPOLI, an associate in the Gambino Organized Crime Family. In addition, the Original Indictment charged ANN CHIAROVANO - an official of Local 1181 and an associate of the Genovese Organized Crime Family - with obstruction of justice offenses related to the grand jury investigation of Local 1181.

On September 14, 2006, Genovese Organized Crime Family Acting Boss and Capo MATTHEW IANNIELLO, a/k/a "Matty the Horse," pleaded guilty to a single racketeering count. As part of his plea, IANNIELLO admitted assisting union officials of Local 1181 in obtaining improper payments from the owners and operators of school bus companies, and IANNIELLO admitted to conspiring with others to obstruct the grand jury investigation into the involvement of the Genovese Organized Crime Family in the affairs of Local 1181. The offense to which IANNIELLO pleaded guilty carries a maximum sentence of 20 years' imprisonment. He is currently scheduled to be sentenced by the Honorable KIMBA M. WOOD on December 14, 2006, at 11:00 a.m.

On August 21, 2006, Genovese Organized Crime Family Soldier SALVATORE ESPOSITO, a/k/a "Zookie," pleaded guilty to a single count of racketeering. As part of his plea, ESPOSITO

admitted to, among other things, conspiring with others to obstruct the Local 1181 grand jury investigation. ESPOSITO faces a maximum sentence of 20 years' imprisonment for the crime to which he pleaded guilty. He is currently scheduled to be sentenced by the Honorable KIMBA M. WOOD on December 15, 2006, at 11:30 a.m.

On August 31, 2006, Genovese Organized Crime Family Soldier DANIEL CILENTI pleaded guilty to a single count of conspiring to obstruct justice. CILENTI admitted to conspiring with others to obstruct the Local 1181 grand jury investigation. As a result of his plea, CILENTI faces a maximum sentence of 20 years' imprisonment. He is currently scheduled to be sentenced by the Honorable KIMBA M. WOOD on December 22, 2006, at 11:00 a.m.

On August 11, 2006, Gambino Organized Crime Family associate MAURICE NAPOLI pleaded guilty to charges of extortion and conspiracy to commit extortion in violation of Title 18, United States Code, Section 1951. As part of his plea, NAPOLI admitted to conspiring with others to extort the owners and operators of the medical center located in Jamaica, New York, that also houses the offices of Local 1181. NAPOLI faces a maximum sentence of 40 years' imprisonment for the crimes to which he pleaded guilty. He is currently scheduled to be sentenced by the Honorable KIMBA M. WOOD on December 8, 2006, at 2:30 p.m.

On August 11, 2006, ANN CHIAROVANO, the Director of the Local 1181 Pension and Welfare Fund, pleaded guilty to a single count of obstructing justice. CHIAROVANO admitted to lying to federal agents about her relationship with members of the Genovese Organized Crime Family. The offense to which CHIAROVANO pleaded guilty carries a maximum sentence of 20 years' imprisonment. She is currently scheduled to be sentenced by the Honorable KIMBA M. WOOD on December 8, 2006, at 2:00 p.m.

CIRO PERRONE, a Capo in the Genovese Organized Crime Family, was tried recently in federal court on charges including racketeering and obstruction of justice. The jury acquitted PERRONE of the obstruction of justice charges and failed to reach a verdict on the racketeering charges. PERRONE faces a retrial on the racketeering charges, which include an obstruction of justice charge, scheduled to begin on January 22, 2007 before the Honorable KIMBA M. WOOD.

The charges against BATTAGLIA are the result of a three-year long investigation that included court-authorization to intercept conversations among high-ranking members of the Genovese

Organized Crime Family. Conversations were intercepted on various telephones and by way of a recording device and close-circuit television that were surreptitiously placed at a table at Don Peppe's restaurant in Ozone Park, Queens. If convicted of the charges contained in the Indictment, BATTAGLIA faces a maximum sentence of 168 years' imprisonment. The Indictment also contains allegations seeking the forfeiture of \$2,785,000 in BATTAGLIA's criminal proceeds.

BATTAGLIA, 60, was arrested this morning in Staten Island, New York. BATTAGLIA was presented earlier today before United States Magistrate Judge THEODORE H. KATZ and was released on \$1.5 million bond secured by the equity in his home and the homes of his sons. Included in the conditions of his release is the requirement that he take a sabbatical from Local 1181 and that he not contact the owners of union bus companies.

Mr. GARCIA praised the efforts of the Federal Bureau of Investigation and the New York City Police Department for their assistance in the investigation. Mr. GARCIA added that the investigation is continuing.

Assistant United States Attorneys BENJAMIN GRUENSTEIN, WILSON LEUNG, ELIE HONIG, and CHRISTINA BISCHOFF are in charge of this prosecution.

The charges in the Indictment are merely accusations, and all defendants are presumed innocent unless and until proven guilty.

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