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Department of Justice

U.S. Attorney's Office

District of Massachusetts

FOR IMMEDIATE RELEASE

Tuesday, January 26, 2016

New Hampshire Couple Indicted in \$2 Million Union Fraud

BOSTON – A husband and wife who operated an asbestos removal business were arrested today in connection with a fraudulent “double breasted shop” scheme aimed at enabling them to defraud the Massachusetts Laborers Benefit Fund (MLBF) of more than \$2 million. A “double breasted shop” is a business which enters into a collective bargaining agreement with a union while at the same time seeking to avoid its contractual obligations by operating an alter ego non-union company.

Christopher Thompson and Kimberly Thompson, both 52, of Windham, NH, were indicted on 18 counts of mail fraud, one count of benefit fund embezzlement, and 18 counts of filing false documents with an ERISA fund. Also charged are the two corporate entities used by the Thompsons to perpetrate the fraud: AQE, Inc. and Air Quality Experts, Inc. The Thompsons will have an initial appearance before U.S. District Court Magistrate Judge Marianne B. Bowler at 3:00 p.m.

According to the indictment, the Thompsons employed members of Tewksbury Local 1421 of the Laborers International Union of North America. The Thompsons allegedly paid members of Local 1421 for jobs which required union participation from the AQE, Inc. payroll which was a union signatory corporation. When the jobs did not require a union signatory company, the Thompsons paid the union members from the Air Quality Experts, Inc. payroll. In these instances, the union members did not receive union rates, and benefits were not paid by the Thompsons to the MLBF which provides medical and pension benefits to 8,000 laborers and their families in Massachusetts. The Thompsons allegedly sent “remittance reports” to the MLBF which failed to report thousands of hours worked by members of Local 1421. By significantly under reporting the hours worked by union members, the Thompsons failed to pay over \$2 million to the MLBF.

The mail fraud charges each provide for a sentence of no greater than 20 years in prison, three years of supervised release and a fine of \$250,000 or twice the loss or gain from the offense. The benefit fund embezzlement and false statements charges each provide for a sentence of no greater than five years in prison, three years of supervised release and a fine of \$250,000 or twice the loss or gain from the offense. Actual sentences for federal crimes are typically less than the maximum penalties. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and other statutory factors.

United States Attorney Carmen M. Ortiz; Cheryl Garcia, Special Agent in Charge of the Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigation, New York Region; and Susan Hensley, Regional Director of the Department of Labor, Employee Benefits and Security

Administration, made the announcement today. The case is being prosecuted by Assistant U.S. Attorney Fred M. Wyshak, Jr., Chief of Ortiz's Public Corruption Unit.

The details contained in the charging documents are allegations. The defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

Topic(s):

Public Corruption

Component(s):

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