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ARREST EX-LOCAL 375 BOOKKEEPER IN \$2.4M THEFT

By Richard Steier

The longtime bookkeeper for Civil Service Technical Guild Local 375 of District Council 37 was arrested Dec. 22 on charges that he stole \$2.4 million from the local and its legal fund.

Manhattan District Attorney Robert M. Morgenthau said that the bookkeeper, Lloyd Clarke, embezzled nearly \$600,000 from the local's treasury during 1996 and 1997, and took about \$1.8 million from its Professional Employees' Legal Services fund between 1996 and this year.

Bought Real Estate

Prosecutors said it appeared Mr. Clarke plowed the money into investments made by a family real estate company in The Bronx, the Jam-Am Development Corporation. It currently owns 11 buildings, with a value Mr. Morgenthau estimated at over \$7 million.

One source said Mr. Clarke had repaid some of the money he took and signed a stipulation to repay the remainder from his holdings. If convicted of the grand larceny charges, he faces up to 25 years in prison.

The diversion of money came to light early this summer, after the Tech. Guild replaced its long-time auditor, Helga Kelm. The new auditor, Salvatore Armao, was contacted by Mr. Clarke, who told him that he had "borrowed" \$500,000 from the Tech Guild but had repaid about half of it and would, make good on the rest. Mr. Armao notified Tech Guild President Claude Fort, who contacted the Manhattan DAs Office. Mr. Armao by September had discovered that \$855,000 was actually missing, but even that was dwarfed by the DAs findings.

'Asleep at the Switch'

One source familiar with the criminal investigation said of Tech Guild officials, "It looks like people were asleep at the switch, but it doesn't look like anybody else was collaborating."

In July, Mr. Fort suspended longtime Local 375 Treasurer Bob Mariano after 'he admitted that he had not checked the local's books, instead relying on Mr. Clarke's honesty.

A month later, after a preliminary internal review showed \$147,000 missing from PELS, the fund's administrator, Ira Pearlstein who acknowledged that he had not checked its finances for at least five years was fired.

The arrest of Mr. Clarke and the detailing of the amount of his alleged theft could figure into the election runoffs for Tech Guild offices, for which ballots went out that same day. Mr. Mariano, who chose not to seek reelection as treasurer, is in a runoff for secretary with incumbent Ahmed Shakir.

Mr. Fort has taken credit for rooting out the corruption. He and his opponent in a runoff for president, Uma Kutwal, have traded charges about who was responsible for the delay in selecting a new auditor after Mr. Fort suggested it last fall.

Mr. Kutwal, who preceded Mr. Fort as Tech Guild president, is politically vulnerable on the embezzlement from the legal fund as well. When his own predecessor as head of the fractious local, Roy Commer, in 1998 sought to remove Mr. Pearlstein as administrator of PELS, Mr. Kutwal -who accused Mr. Commer of wanting to give, the fund's account to a political supporter-spearheaded a rebellion that resulted in Mr. Commer being locked out of the union's offices and eventually led to his ouster.

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