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Suspect in corruption inquiry says union official got favors

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The Detroit News

An Illinois businessman told the FBI he arranged for an inflated price to be paid for the home of a Detroit-area union official in return for the union investing \$65 million of its pension funds with his company.

John Orecchio of AA Capital Partners told federal investigators there was "a quid pro quo" between the Operating Engineers Pension Fund investing the money with his firm in December 2003 and Orecchio arranging for an inflated price to be paid for the home of John M. Hamilton, business manager and general vice president of Local 324 of the International Union of Operating Engineers, according to documents obtained by The Detroit News.

In July, Orecchio, a partner in the Chicago-based investment firm, was charged in federal court in Illinois with fraud and embezzlement. He is accused of misappropriating \$24 million of the funds invested with his company by the Operating Engineers and other clients. He has had conversations with the FBI since at least 2006, and the charges are pending.

Hamilton did not respond to telephone and e-mail messages Monday seeking comment.

The News reported Saturday that Orecchio told the FBI he wrote a \$10,000 check in 2005 to the Kilpatrick Civic Fund, a nonprofit corporation controlled by the former mayor, to get an audience with Kilpatrick to "pitch" a \$20 million city pension fund investment in AA Capital.

Kilpatrick later appeared with Orecchio before the board of the Detroit Police and Fire Retirement System in support of the proposed investment of public pension funds, meeting minutes show. The board approved the investment, though the deal later fell through before the money changed hands.

Orecchio told investigators from the FBI and the Office of Inspector General of the U.S. Department of Labor that he spent a lot of money "wining and dining" Hamilton before and after the union made its \$65 million pension fund investment with AA Capital.

But he did not tell investigators he dealt directly with Hamilton on the alleged inflated purchase of Hamilton's home, the records show.

Orecchio said it was Joseph. P. Caretti, an owner of Independent Investment Management LLC, and a second man, a banking official who told him he needed to arrange for the purchase of Hamilton's home in St. Clair County's Cottrellville Township.

"Hamilton needed more cash and wanted to sell his house at a premium, but he was having trouble finding a buyer at the price he wanted," Orecchio told the FBI in 2006. Orecchio said he was told that buying Hamilton's home "is what we owe him for the \$65 million commitment."

Caretti, who told The Detroit News in September 2008 he was surprised to hear the FBI was asking questions about him, did not return a phone call Monday.

Orecchio told investigators he was "on the hook" for the purchase of Hamilton's home but he arranged for the purchase to be made by Dan Griffin, a friend of Hamilton's who worked in real estate, the reports say.

St. Clair County records show Daniel S. Griffin purchased Hamilton's property for \$650,000 in February 2004. Griffin resold the property a little over a year later, in September 2005, for \$500,000, records show.

Griffin could not be reached for comment.

Orecchio told investigators he provided other favors to Hamilton.

A trip to Las Vegas in September 2003 for the Oscar De La Hoya-Shane Mosley boxing bout included Hamilton and others, with AA Capital paying for the flight, rooms and meals at the Treasure Island Hotel, Orecchio told investigators.

He said Hamilton also asked him to get ring-side seats for Kilpatrick, who was not part of the trip. Orecchio said he got four ring-side seats for Kilpatrick at a cost of \$10,000 each.

But on the night of the bout, Orecchio said he saw Kilpatrick and his father, Bernard N. Kilpatrick, seated elsewhere at the boxing match.

He said unnamed "henchmen" of Kilpatrick's were in the seats he purchased.

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