

## **The Star-Ledger**

### **U.S. authorities probe Katz's activities as union chief**

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Carla Katz

Federal authorities have opened an investigation into the union activities of Carla Katz, the ousted leader of New Jersey's largest state-worker union and former girlfriend of Gov. Jon Corzine.

Investigators are seeking union records connected with Katz's management of Communications Workers of America Local 1034, according to three people familiar with a subpoena issued Tuesday. The authorities are focusing on an internal CWA probe that recently accused Katz of misappropriating union money, said the sources, who declined to be identified because they were not authorized to discuss the probe.

Separately, a federal judge in Trenton Wednesday denied Katz's petition to be reinstated as union head, pending a formal hearing on the charges against her.

U.S. District Judge Freda L. Wolfson said the national union appeared to be acting within its rights when it locked Katz and her fellow Local 1034 officers out of their headquarters and installed a temporary administrator to manage the local's affairs July 7.

The judge did grant Katz's request to postpone a July 22 union hearing on the ouster but left it to attorneys to determine when that hearing should be rescheduled, adding they should select a date "that is soon."

The criminal inquiry came into public view Tuesday afternoon when federal agents served a subpoena on CWA national headquarters in Washington, D.C., according to those familiar with the subpoena.

CWA spokeswoman Candice Johnson declined to comment on the subpoena.

The criminal inquiry is being conducted by the organized labor unit in the office of U.S. Attorney Christopher Christie, who has made political corruption the focus of his crime-fighting efforts for several years. Some observers project Christie as the leading Republican challenger to Corzine in next year's gubernatorial election.

Christie spokesman Michael Drewniak said he would not, as a matter of Justice Department policy, confirm or deny whether a subpoena was issued or if an investigation was under way.

Paul Fishman, Katz's lead attorney and a former federal prosecutor, said he had no knowledge of a criminal probe or a subpoena.

"I hadn't heard that, but it wouldn't surprise me, given all the reprehensible things the national has done," Fishman said after Wednesday's hearing in Trenton.

Mary O'Melveny, general counsel for the national union, declined to comment on the federal probe after the hearing.

Katz and most of Local 1034's ousted executive board have filed a lawsuit against the CWA to stop the takeover of the local chapter and have themselves reinstated. They say their ouster was sparked by

political opponents inside the CWA.

The national union's leaders allege they had to take over the local to protect the assets of its 12,000 members. They claim Katz was mispending thousands of dollars on her personal campaign for national office in the CWA, on improper political campaign contributions and on the legal expenses of her defense in a lawsuit that seeks to make public a series of e-mail exchanges she had with Corzine during state-worker contract negotiations last year.

Katz has denied the union's charges and said her ouster "is a travesty that ... tramples the democratic rights of the members of our union under the deceptive guise of protecting democracy."

Katz's split with the union is an offshoot of her former romance with the millionaire-governor, which ended just before Corzine announced he would seek his current office.

Before they broke up, Corzine gave Katz millions of dollars worth of gifts, which, in turn, led to questions of whether the governor and his team could properly run a state government in which thousands of employees were represented by Katz.

Republicans have sued the governor seeking access to the e-mail messages transmitted between Corzine and his staffers and Katz since Corzine became governor and while the administration hammered out a new state-worker contract last year.

*Staff writers Dunstan McNichol and Jeff Whelan contributed to this report.*