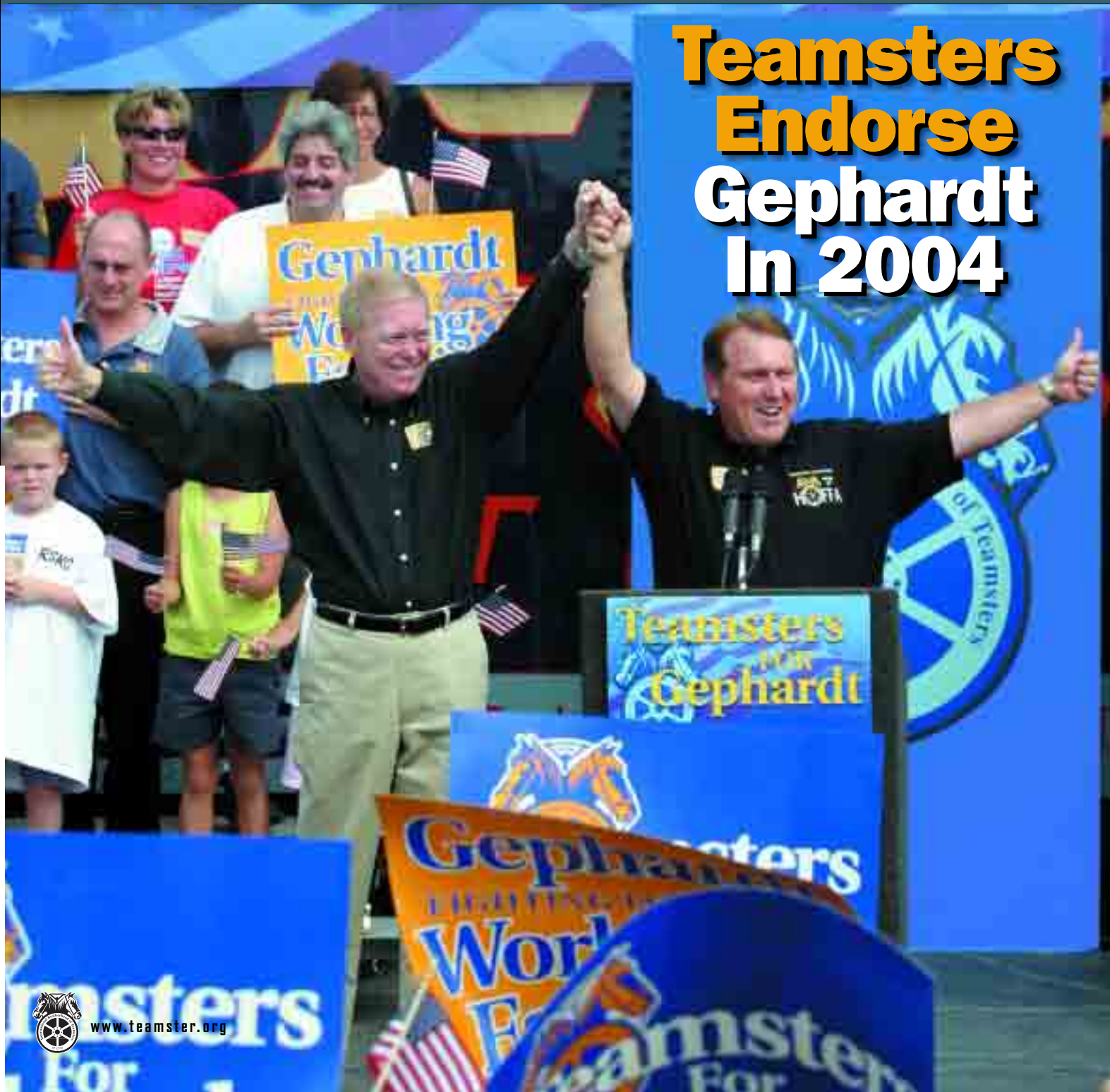


TEAMSTER



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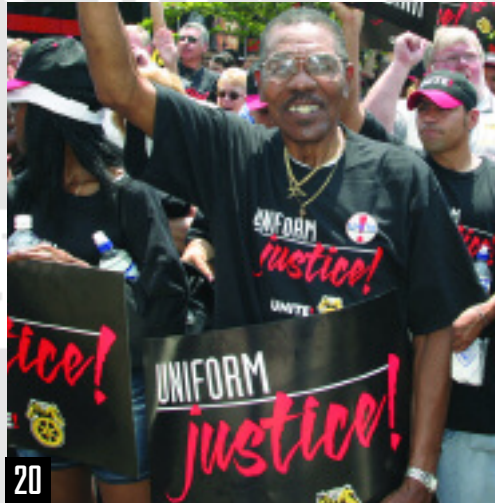
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A MESSAGE FROM THE GENERAL PRESIDENT

An Important Year

As 2003 draws to a close, we have much to be thankful for. Our 100-year anniversary has served as a powerful reminder of all that has been accomplished over the past century.

When the Teamster Century began in 1903, working men and women had little if any protections to speak of. Workers' rights, overtime pay, the 40-hour week, health care and retirement benefits, workplace safety and child labor laws were a far-off dream for American workers. And those rights did not magically appear—they resulted from the blood and sweat of union members who believed in America's promise of justice for all.

The Need For Change

Today, the Teamsters and the rest of labor find itself under attack once again. Unfair trade agreements, anti-worker legislation and an economy that has forced more people below the poverty line than ever before, have put America's working families in jeopardy. And just as America was desperately in need of change at the beginning of the 20th Century, we again find ourselves in a similar situation in 2004.

As we move into the coming year, the most effective way to bring relief to our country's working families will be to elect a President that understands the needs of working Americans. That is why the Teamsters have endorsed Dick Gephardt for President in 2004. Gephardt—whose father was a Teamster milk truck driver—

understands the challenges facing working people. And he is the only candidate with a comprehensive national health care program that not only addresses the needs of the uninsured, but 160 million working Americans covered by employer-provided health care plans. For the past 25 years, he has fought on behalf of Teamsters and championed our causes more effectively and with more passion than any other politician. Now, we have a chance to fight on his behalf and elect him to the highest office in the land. We must not miss this opportunity.

Working Together

The current administration in Washington—as well as the Republican-controlled House and Senate—stands firmly on the side of big business. By working together, we can elect pro-worker candidates in 2004. This must be a top priority for all working Americans. We must remind anti-labor and fence-sitting politicians that their neighbors and constituents are Teamster members. Let's dedicate ourselves to reminding them in the voting booth.

The Teamsters have spent 100 years fighting for justice for North American workers and their families. And during our century of struggle, we have built the most powerful union this country has ever known. Let's use that power to help our friends and hold our adversaries accountable.

Remember, United We Win!

Teamster Foils Armored Car Heist

Local 385 Member Stops \$50 Million Brinks Job

When Sgt. John Kosorok woke up on Monday, July 21, he didn't expect to be a hero. But by the end of the day, Kosorok—a police officer from Local 385 in Orlando, Florida—foiled one of the biggest armored truck heists in history.

“Due to Sgt. Kosorok’s sound judgment and police instincts, he foiled an attempt to steal \$50 million from a Brinks armored truck,” said Mike Stapleton,

President of Local 385. “He not only prevented the money from being stolen but the men responsible were put in jail. We’re very proud of him.”

While on patrol, Kosorok spotted a Brinks armored truck parked on a dirt road. Something didn't seem right, so he decided to investigate. What he didn't know was—according to the FBI—those attempting the robbery were only 10 minutes away from success.

Tense Standoff

When he pulled up to the armored truck, he saw someone climbing into it and heard an alarm.

“I wanted to find out what was going on and as I was approaching the truck, the gun port opened next to my head,” Kosorok said. “I already had a gun in my hand so I raised it, then I ran to the front of the truck.”

He then took cover behind a telephone pole and used his radio to call for help. At that

point, five men in Brinks uniforms bailed out of a side door.

Kosorok didn't know the good guys from the bad guys at this point and ordered all of them to the ground. Still using the telephone pole for cover, Kosorok held them at gunpoint until backup arrived and secured the men—including a sixth that was later found in the truck.

Everyday Hero

The FBI and the Florida Department of Law Enforcement were able to determine that two of them men taken from the scene were responsible for the attempted robbery and released the others.

“I was just doing my job,” Kosorok said. “Anyone could have run up on it happening. I just happened to be the one.”

While he doesn't consider himself a hero, others certainly do.

“If not for his vigilance we might still be looking for these suspects,” said Special Agent Jeff Westcott of the FBI.



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Two Milestones, One Exhibit

Minnesota Honors Labor and Aviation

Two historic milestones are sharing the spotlight in Minnesota. 1903 was not only the beginning of the first Teamster Century, but also marked the Wright Brothers' first flight—marking the dawn of air travel.

Joint Council 32 has teamed up with the Minnesota First Century of Flight Committee to produce an exhibit about the history of both the Teamsters and aviation. The display is traveling all over the state.

"Knowledge of history is so important and to have such a highly visible display frequented by so many people—young and old—does a lot of good," said C. Thomas Keegel, Teamsters General Secretary-Treasurer and President of Minnesota's Joint Council 32. "The Teamsters portion of the

exhibit draws in people who wouldn't ordinarily be interested in the flight portion, and the flight portion of the exhibit draws in people who wouldn't usually care about Teamster history. It's a great match."

An Enthusiastic Response

The exhibit charts the progression of both the Teamsters and aviation technology from 1903 through the present. Minnesota Teamsters are also transporting the display to its various locations.

The exhibit was first displayed at the rotunda inside the Mall of America in Bloomington, Minnesota. The Mall of America is the largest mall in the United States and it is estimated that between 600,000 and 900,000 people pass through the mall every week, depending on the season. From there, it was moved to the Minneapolis Conven-



tion Center. It will also be displayed at an air show in Duluth, Minnesota and other locations.

"The public has shown an enthusiastic response to the display," Keegel said. "We hope to have that kind of response everywhere it is shown."



TEAMSTERS FLOCK TO LABOR DAY PARADE

Pittsburgh-Area Teamsters Show Solidarity at Nation's Largest Labor Day Parade

Teamster members and officers did Pittsburgh proud and flocked to the annual Labor Day Parade.

The country's largest Labor Day parade had more than 70,000 participants this year and more than 500 Teamsters took part from Joint Council 40 and Local Unions 249, 250, 585, 636 and 926. Local 926—with more than 200 members participating—had the largest Teamster contingent.

"It was great to see so many Teamsters come out to the event even though it was raining," said Charlie Byrnes, Secretary-Treasurer of Local 926.



The Gift Of Education

James R. Hoffa Scholarship Awards 75 Students

Thousands of students honored the memory of labor pioneer James R. Hoffa by applying for the scholarship that bears his name. The 75 scholarship winners will use the money to further their education, as well as the

legacy of the Teamsters.

“The Teamster tradition of assisting working families lives on through this scholarship,” said James P. Hoffa, Teamsters General President. “My father would be proud to have his name associated with such an important cause.”

Applicants compete in one of the five geographic regions where the Teamster parent or grandparent’s local union is located. Twenty-five of the awards total \$10,000 each. Fifty of the awards are one-time grants of \$1,000.

Funding for the scholar-

ship program comes from the James R. Hoffa Memorial Scholarship Golf Tournament, donations and the sale of Teamster merchandise. Information on how to support the scholarship can be found on the Internet at www.teamster.org

JAMES R. HOFFA SCHOLARSHIP WINNERS

\$10,000 SCHOLARSHIP WINNERS:

Central

- Michael Beckstrand, Local 974
- Sherry Bullock, Local 52
- Erik Lampe, Local 200
- Dan Matheny, Local 688
- Brian Turnbull, Local 486

Canada

- Natalie Baye, Local 31
- Jayne Bremner, Local 213
- Tyson Jordan, Local 979
- Jennifer Philpot, Local 31
- Sarah Stroh, Local 31

Eastern

- Kim-Lu Delguercio, Local 177
- Craig Dukin, Local 177
- Jennie John, Local 815
- Jeffrey Latulippe, Local 102
- Anna Leczcynski, Local 1150

Southern

- Joseph Brooks, Local 991
- Joseph Halverson, Local 657
- Michael Loulan, Local 385
- Timothy Thornton, Local 612
- Lakesha Turner, Local 991

Western

- Rory Alegria, Local 63
- Adam Crum, Local 959
- Kyle Malin, Local 959
- Scott Ostler, Local 174
- Kim-Van Truong, Local 439

\$1,000 SCHOLARSHIP WINNERS:

Central

- Chelsey Bartels, Local 554
- Hilary Brazeal, Local 554
- Stephen Hill, Local 1164
- Sarah Hillenbrand, Local 974
- Christine Mastalio, Local 238
- Courtney McCarty, Local 299
- Katie Pokorny, Local 289
- Michael Rubinstein, Local 400
- Sarah Stoelb, Local 75
- Andrea Stoneman, Local 695

Canada

- Tracey Christofferson, Local 31
- Shantel Keys, Local 31
- Danielle Lyrette, Local 938
- Kristy Merkl, Local 979
- Jessica Platt, Local 132
- Shayna Reid, Local 880
- Anton Semechko, Local 132
- Ava Shaw, Local 230
- Abigail Syyong, Local 213
- Karen Tetzlaff, Local 880

Eastern

- Maria Adelman, Local 707
- Andrew Baum, Local 205
- Carolyn Cook, Local 697
- David DuPaul, Local 443
- Matthew Krywyj, Local 830
- Brian Morrissey, Local 122
- Erin Murphy, Local 107
- Carla Pool, Local 322
- Crosby Sommers, Local 375
- Jamie Yengel, Local 804

Southern

- Mary T. Cox, Local 577
- Kristen M. Crosby, Local 385
- Jeremy P. Cummings, Local 79
- Robyn W. Davey, Local 745
- Destiny D. Mask, Local 577
- Robin Moeckel, Local 988
- Priscilla Monje, Local 745
- Rosa Rodriguez, Local 390
- Shellie D. Sullins, Local 480
- Ashley L. Vaught, Local 327

Western

- Jeff Armstrong, Local 17
- Lindsey Beck, Local 206
- Anthony Bell, Local 435
- Estella Cisneros, Local 748
- Amanda Dellens, Local 542
- Emily Hawks, Local 483
- Amanda Krause, Local 206
- Elizabeth Kuhn, Local 542
- Ariana Ward, Local 483
- Matthew Young, Local 763



Easing Tensions

Local 435 Member Volunteers to Help Police, Residents

Each Friday night, Teamster Carlos Rojas rides along with the Aurora, Colorado police.

Rojas, a member of Local 435 in Denver, doesn't do it for the thrills—although sometimes he encounters some pretty exciting experiences. Rather, Rojas does it to help the men and women behind the badge and the community members they come into contact with.

Since January 2003, Rojas—a 31-year Teamster warehouse worker—has volunteered as an interpreter, helping police officers during their patrols in predominantly Spanish-speaking areas.

Giving Back to the Community

"It's important to help the police and to help community members who don't speak English very well. Many times that communication barrier causes problems. I'm there to ease the tension on both sides," said Rojas, a native of Chile.

In late September, Rojas and other volunteer interpreters who help the Aurora police were given "Colorado Cares" awards by the Governor's Office, recognizing their many hours of public service.

"Carlos is a great example of how Teamsters give back to their communities," said Steve Vairma, Secretary-Treasurer of Local 435. "We're proud to have Carlos as a member of our local, and the community is better off because of people like Carlos."

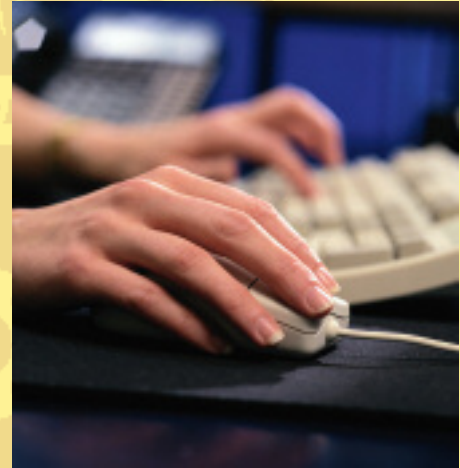
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- ★ College Loans
- ★ Financial Aid Counseling *plus much more...*

For more information go to www.unionplus.org/education



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**Deadline for scholarship application is Jan. 31, 2004*

Working





TEAMSTER NEWS

Costco Teamsters Ratify Three-Year Contract

Workers Will Receive Wage Increases, Bonuses

By a 9-1 margin, Teamsters who work at Costco warehouses in four East Coast states have approved a three-year contract that provides increased wages, bonuses, a strengthened grievance procedure and other improvements.

“This contract maintains the Costco workers’ status as the best paid workers in the retail industry,” said Rome Aloise, an International Union Representative. “The contract also provides for a streamlined and improved grievance procedure, which is a big issue for workers who have disputes with the company. Also, Costco agrees to provide full-time jobs to 50 percent of the workforce—which is the best full-time worker ratio in retail.”

3,500 Workers in Four States

The Teamsters Negotiating Committee—which included 26 shop stewards—reached a tentative agreement in late August, and a vote was held recently. The contract affects 3,500 workers at 16 warehouses in New York, New Jersey, Maryland and Virginia.

The contract includes:

- Bonuses ranging from \$4,000 to \$7,000 in the first year, depending on length of service;



- An hourly wage increase in the first year, retroactive to March 1, and an additional hourly wage increase effective October 1 of this year;
- Economic issues such as wages, benefits and bonuses will be revisited in the second and third years of the contract, pending Costco contract talks in California;
- A more efficient grievance procedure that will lead to quicker resolutions involving worker-management disputes;
- Additional vacation time, based on seniority;
- Preservation of seniority rights, and
- Increased afternoon break time from 10 to 15 minutes.

The Teamsters will soon begin contract negotiations for 12,000 members working in California Costco warehouses.

A Healthy Resolution

Local 100 Workers Win Important Arbitration

When a school district tried to shortchange the health insurance plan of its workers, the Teamsters stood up for its members and won.

A recent arbitration victory for bus drivers and transportation aides in Ohio protects the health insurance of more than 200 Local 100 workers at the Lakota School District.

Earlier this year, when the school district reduced the health care coverage of all Lakota School District workers by 30 to 40 percent, workers were stunned.

Lydia Combs, the Local 100 steward working with the

drivers and aides, filed a grievance on behalf of the members.

“I knew our contract was being violated,” Combs said. “We weren’t going to stand by and let that happen.”

The grievance went to arbitration and the decision came back that the district had to revert back to the same plan as when the contract went into effect.

A Powerful Message

As a result of the ruling, the district is responsible for any out-of-pocket expenses that members incurred because of the lack of coverage since January.



“This victory sends a powerful message,” said Steve Scarth, a business agent with Local 100 in Cincinnati. “Major health insurance cuts like this won’t be tolerated. They are anti-worker and they are anti-family.”

The school district is a member of the Butler County Health Insurance Plan consortium, which provides health care insurance coverage to workers in all Butler

County schools. The Lakota School District is the sixth largest district in Ohio and the second largest transportation department in the state.

“As a result of this victory, we’ve even had some groups in the school district say they’re taking a long, hard look at joining the Teamsters,” Scarth said. “This victory shows that Local 100 is looking out for its members.”

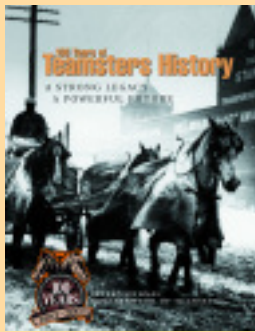
Teamster History Book Available

Own A Copy of "A Strong Legacy, A Powerful Future."

Celebrate the union's heritage with a history book just released by the Teamsters Union. It's more than a history of the Teamsters Union—it's a testament to the strength of the North American worker.

The book details the fascinating history of the International Brotherhood of Teamsters on its 100th anniversary. With chapters dealing with every aspect of the union and illustrated with hundreds of historical photos, the book will stand as a lasting testament to all the Teamsters have accomplished in the last century.

"For the Teamsters to be prepared for the future, we have to look to our past," said General Secretary-Treasurer C. Thomas Keegel. "This book is an important way to do that."



At the Teamsters 100-year anniversary celebration in September, Senator Hillary Clinton (D-NY) praised it as an "impressive book."

"This book...is a real testament to what this union has meant," Clinton said. "If you read this book, and I hope every one of you will, I hope you will take copies home and I will ask you to ask your members to read it, your friends, your neighbors — because it shows very clearly what it has meant to have a strong union filled with people who are defending the rights of workers for 100 years."

For more information or to order the 156-page, soft cover book, visit

<http://www.teamster.org/centennial.htm>

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Be Prepared

Teamster to Lead First Civilian Emergency Team in New York City

The lessons of September 11 continue to resonate with Teamsters — especially those who witnessed the destruction firsthand.

Peter Morici, a Teamster from Local 237 in New York City, was one of those affected by the tragedy and has done something about it. He is trying to keep about 77,000 members of the Battery Park neighborhood—one of the most affected by the attacks—prepared for another emergency.

“During the 9-11 attacks, all the Battery Park residents seemed to be forgotten,” said Morici, an evidence and property control specialist and auxiliary officer with the New York Police Department. “They were left out until that night, when they were told to evacuate. The next day, it came to light that people were still there.”

Morici decided that it should never happen again. In order to prevent such confusion in the future, he is in the process of creating a well-trained team — the first in the city — to cope with any future disasters that might endanger their community. The Battery Park City Neighbors and Parents Association is organizing the team and Morici is the perfect person to lead it.



Experienced and Decorated

Morici is an Air Force veteran who served in the Philippines and Vietnam and has spent 34 years as a NYPD auxiliary policeman. In that time, he has received 14 Medals of Valor, making him the most decorated auxiliary officer in department history. He has also been trained in the Certified Emergency Response Team (CERT) program being established at Battery Park.

The team, which will be made up of residents, is awaiting funding from the Federal Emergency Management Agency.

“We’ve got 60 people now,” he said. “It is a 21-hour course and it will take seven weeks for members to complete it. We will be teaching survival and disaster preparedness. We teach fire suppression, how to identify hazardous materials, CPR and medical triage.”

They will also discuss psychological techniques to aid both victims and their

rescuers in a crisis situation.

Morici will be teaching the classes for nothing and on his own time.

“This is just my off-

duty fun. I enjoy doing this,” Morici said. “I’ve always been community-oriented. I truly get pleasure from helping the community.”

Report Blasts Hospital Administrators in Nurses Strike

Local 406 Members Call on Management to Resume Negotiations

A Blue Ribbon report to Michigan Governor Jennifer Granholm has condemned hospital management for failing to resolve the 11-month-old strike by nurses who belong to Local 406 in Grand Rapids.

The nurses were forced out on strike after management at Northern Michigan Hospital in Petoskey failed to offer a fair, first contract in November 2002. The report released in late September cited the hospital board’s “intransigent and ideological position” for blocking progress.

Public Safety Threatened

The report states that complaints from patients and health care professionals—particularly in the area of infection control and

“Sí, Se Puede!”

Teamster Organizers Take Crash Course in Spanish

“Sí, se puede!” is the traditional cry of Spanish-speaking union activists. In English, it means, “Yes, we can!”

More and more Teamsters are learning what it means—particularly organizers who know the benefit of talking to potential members in their native language. Chicago-area Teamsters recently attended a Spanish language immersion class at the George Meany Center for Labor Studies in Silver Spring, Maryland.

“It was an amazing class,” said Paul DiGrazia, a Local 705 organizer. “I got a lot out of it.”

Union Advantage

Participants of the two-week class received more than 70 hours of instruction geared

toward union organizers and activists. Class size is kept small so students get more individual attention.

“Approximately 110 unionists from a wide range of unions and trades have completed the program,” said Julie Mendez-de Leon, the instructor of the class.

Those attending the class begin speaking Spanish on the first day and are taught based on tasks and interactions that union activists and organizers routinely perform. Topics pertaining to organizing, health and safety, labor education and human rights are taught.

“It’s no secret that Latino and Hispanic Americans are among the fastest growing segments of the working population in the U.S.,” Mendez-de Leon said.

Expanding Demographic

According to the Bureau of Labor Statistics, the



Latino/Hispanic labor force is expected to reach an estimated 12.7 percent of the total labor force by 2008.

Rich Gierut, a Joint Council 25 organizer—who was bilingual before entering the class—said he had no problem picking up the Spanish that was taught.

“They say that once you learn a second language, a third is relatively easy. I already speak Polish so I had an advantage over others in the

class,” he said. “I would recommend this class to anyone in organizing. They did such a great job teaching I’d even go back a second time. To go in and not have any knowledge about Spanish and come out being able to understand it, it’s great.”

For more information on the course, visit www.georgemeany.org/html/spanish_immersion.html

serious incidents involving patient care—warrant additional independent review.

In the wake of the report, officials with Local 406 called on hospital management to resume contract negotiations.

“The Teamsters Union is ready to move forward immediately to bargain with the Hospital, put the acrimony of the past behind us and start the healing that the community and its flagship hospital so sorely need,” said Pat Burns, Local 406 President. “I am hopeful that Northern Michigan Hospital will also accept the findings and recommendations of the report, reverse course and join with us to begin a new chapter in labor relations at Northern Michigan Hospital.”

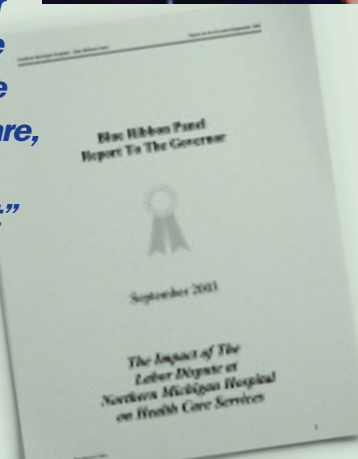
Fight for Justice

General President Jim Hoffa said the issue is more than just a labor dispute.

“If there is anyone left in Petoskey with a doubt that the striking nurses at Northern Michigan Hospital are on the side of justice, fighting for quality health care and an appropriate voice in patient care, then this report should eliminate it,” Hoffa said. “This situation in Petoskey is more than a labor dispute. It is a fight for quality health care and an important role for the community in the decisions that affect their lives. It is a fight to bring accountability to Boards of Trustees who oversee community assets.”

“If there is anyone left in Petoskey with a doubt that the striking nurses at Northern Michigan Hospital are on the side of justice, fighting for quality health care and an appropriate voice in patient care, then this report should eliminate it”

— JIM HOFFA, GENERAL PRESIDENT



A WINNING



TEAM

TEAMSTERS ENDORSE DICK GEPHARDT FOR PRESIDENT IN 2004

For the last 25 years, the Teamsters Union and the entire American labor movement have had no better friend in Congress than Representative Dick Gephardt (D-MO). And with the hard work and commitment of Teamsters throughout North America, President Gephardt will bring a sincere pro-worker voice to the Oval Office that hasn't been seen since the days of Franklin Delano Roosevelt.

"I'm proud of my longstanding record of fighting on behalf of working Americans," said Gephardt. "We need to restore our middle class to the prosperity they deserve. As President, I won't be satisfied until every family, not just the few, can share in the bounty of America."

From fights over unfair trade agreements to closing loopholes that let corporations aggressively fight workers' efforts to organize, Gephardt has stood on the side of working families every time. These issues are near and dear to Gephardt. His father was a Teamster milk truck driver in St. Louis and the power of a union contract helped raise a family with strong union values. Now Gephardt is running for President of the United States and has the power of 1.4 million Teamsters behind him.

"A Gephardt administration will always promote and support workers' rights to organize and form unions. As President, I will appoint a Labor Secretary who values the importance of labor unions and a NLRB that is worker friendly, not an impediment to organizing," said Gephardt. "The stakes could not be higher for the American worker."

Bush's Failed Policies

Gephardt's campaign is based on a pro-worker agenda while the Bush White House is doing all it can to alienate workers and attack their rights.

"President Bush is using the federal budget to diminish worker training programs while bolstering federal investigations into union practices. He is using regulatory laws to cut overtime pay, he is stalling ergonomics standards and he is promoting trade agreements that will lower wage and environmental standards across the globe," Gephardt said. "President Bush's policies have failed. He's taking our country and our economy in the wrong direction. At a time when the middle class is already under unprecedented economic pressure, his policies are worsening their difficulties."

The excitement surrounding the Teamsters' endorsement was clear as hundreds of members turned out for rallies in Michigan, Iowa and New Hampshire. General President Jim Hoffa and Gephardt attended all three rallies and were greeted by cheering Teamsters at every stop. The day began with a rally to

Gephardt On Labor Issues

Whether it's good jobs, fair wages or leveling the playing field for working families against big business, Dick Gephardt has defended the rights of working people on a host of issues including:



TRADE: Dick Gephardt unequivocally opposed trade agreements like NAFTA, Fast Track and China PNTR that create an unfair playing field for American workers.

MINIMUM WAGE: Dick Gephardt won passage of a minimum wage increase—during the first session of the Gingrich Congress.

RIGHT TO ORGANIZE: Dick Gephardt fought proposed "anti-salting" legislation. He supports the rights of workers to form unions.

DAVIS-BACON and STRIKER REPLACEMENT: Dick Gephardt fought Republican efforts to repeal Davis-Bacon, and striker replacement rules.

HEALTH CARE: In addition to providing workers and their families with the security of guaranteed health insurance coverage, the Dick Gephardt health care plan will provide \$316 billion in economic stimulus over the first three years of the plan that will go directly into the pockets of workers.

"A Gephardt Administration will always promote and support workers' rights to organize and form unions."

—DICK GEPHARDT

Working Together

Gephardt Rallies Hotel Workers in San Francisco

Actions speak louder than words and by joining San Francisco hotel workers at a recent contract rally, Representative Dick Gephardt is coming in loud and clear. Local 856 represents 200 front desk clerks, reservation agents, concierge and clerical workers at 16 hotels in the San Francisco Hotel Association.

These Teamsters have been working without a contract since the previous one expired on December 31, 2002. Negotiations have continued throughout the year but progress has been limited as the employers seek a wage freeze and other concessions.

Gephardt joined the workers at a rally and march in downtown San Francisco to draw public attention to their struggle. "Dick Gephardt picked up our sign and marched right along with our members," said Mike McLaughlin Sr., Local 856 Secretary-Treasurer. "Many politicians try to stay neutral in these contract battles but he showed whose side he's really on and he was proud of it."



"By staying united with Dick Gephardt we will win. I urge our brothers and sisters in the labor movement to join our cause."

— JIM HOFFA, GENERAL PRESIDENT

officially announce the endorsement at Joint Council 43 in Detroit.

"Dick Gephardt has proven by word and deed that he is by far the best candidate to represent the interests of America's working families," Hoffa told the cheering crowd in Detroit. "In his 27 years in Congress he has always led the fight on our behalf. We are proud to join him in this fight."

Support In Early Primary States

In Iowa, Hoffa and Gephardt energized members at Local 147 in Des Moines.

"Iowa Teamsters are particularly glad to endorse Dick Gephardt," said Ron McLain, Local 147 President and International Trustee. "We're going to make sure that the Teamsters play a large role in the upcoming Iowa caucuses and help elect a President that will stop the stream of jobs flowing out of the U.S."

The day ended with a raucous crowd in Manchester, New Hampshire. C-SPAN carried the rally live as Local 633 Secretary-Treasurer Dave Laughton drove Hoffa and Gephardt to the rally in a Teamster

truck. The crowd went wild as Laughton laid on the horn to announce their arrival.

"New England Teamsters are going to make a difference in this election," Laughton declared. "When you have a true friend of labor running for President, you have to make the most of the opportunity and that's exactly what we're going to do."

The Teamsters endorsement is a coveted prize in American politics. At all levels of government, the Teamsters provide support that is unparalleled in the labor movement. Members provide campaign help, turn out to vote and the political action committee DRIVE (Democrat, Republican, Independent Voter Education) provides much-needed resources for Teamster candidates.

The Clear Choice

Dick Gephardt has earned the support of working people, and labor is throwing its support behind his presidential bid. As of September, he had already been endorsed by 14 international labor unions.

The Teamsters endorsement is a

“When you have a true friend of labor running for President, you have to make the most of the opportunity and that’s exactly what we’re going to do.”

— DAVE LAUGHTON, LOCAL 633 SECRETARY-TREASURER



responsibility that is not taken lightly. Extensive work is done to take the pulse of the union and ascertain if the membership wishes to grant a candidate its endorsement or withhold an endorsement altogether. The endorsement comes after extensive polling of union members. In addition to the polling, questionnaires were sent to all Democratic candidates that asked their positions on a variety of Teamster issues. The results of the questionnaires were sent to each local union. The General Executive Board voted unanimously for the endorsement after 95 percent of the local unions indicated that Gephardt was their choice.

“As the results of the polling and questionnaires came back, the choice was clear,” said Mike Mathis, Teamsters Government Affairs Director. “We haven’t had this type of broad support for a candidate in a long time. Our members and officers are excited about Dick Gephardt and want to do all they can to make him the next President.”

Representative Dick Gephardt has been a tireless fighter for workers’ rights in the United States. That’s good for working families, but it also means that big business will support other, less worker-friendly candidates. The corporate bosses will make sure that their candidates have the financial resources necessary to run a national campaign.

Gephardt needs help from Teamster members. The union is already mounting a campaign to help turn out the vote in early primary states but there is more to be done. Each Teamster member can provide individual financial contributions to the Gephardt campaign in order to ensure that his pro-worker message is communicated to voters.

Think about it. There are almost three million Teamsters and Teamster family members throughout the country. Even the most modest of contributions can make a difference when added to the collective total. That’s the strength of the union at its best. The average Teamster may not be able to match the average CEO’s contribution, but in solidarity, Teamsters can raise the financial resources to even the scales.

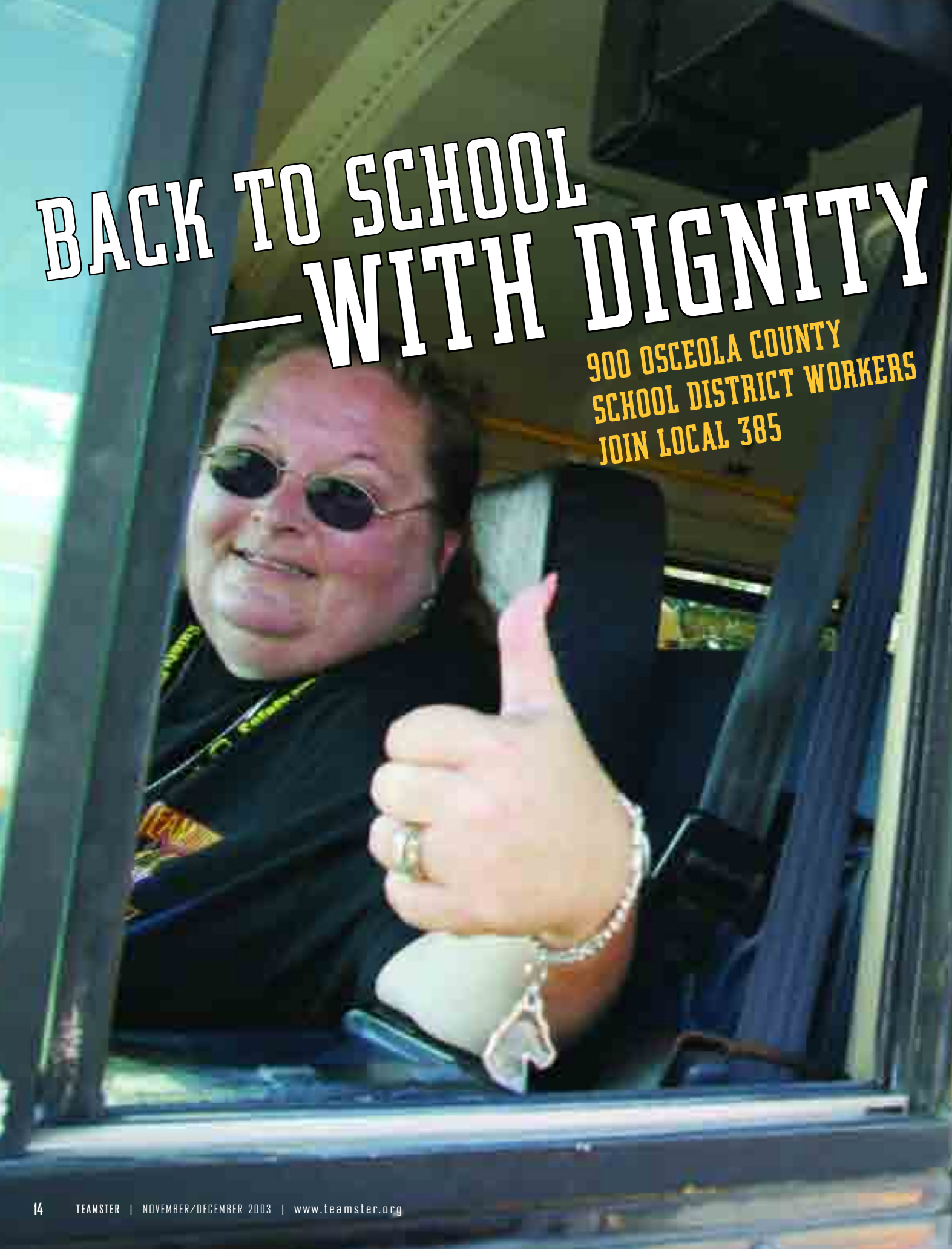
“We have an opportunity to elect a true friend of working families,” said Jim Hoffa, Teamsters General President. “By staying united with Dick Gephardt we will win. I urge our brothers and sisters in the labor movement to join our cause.”

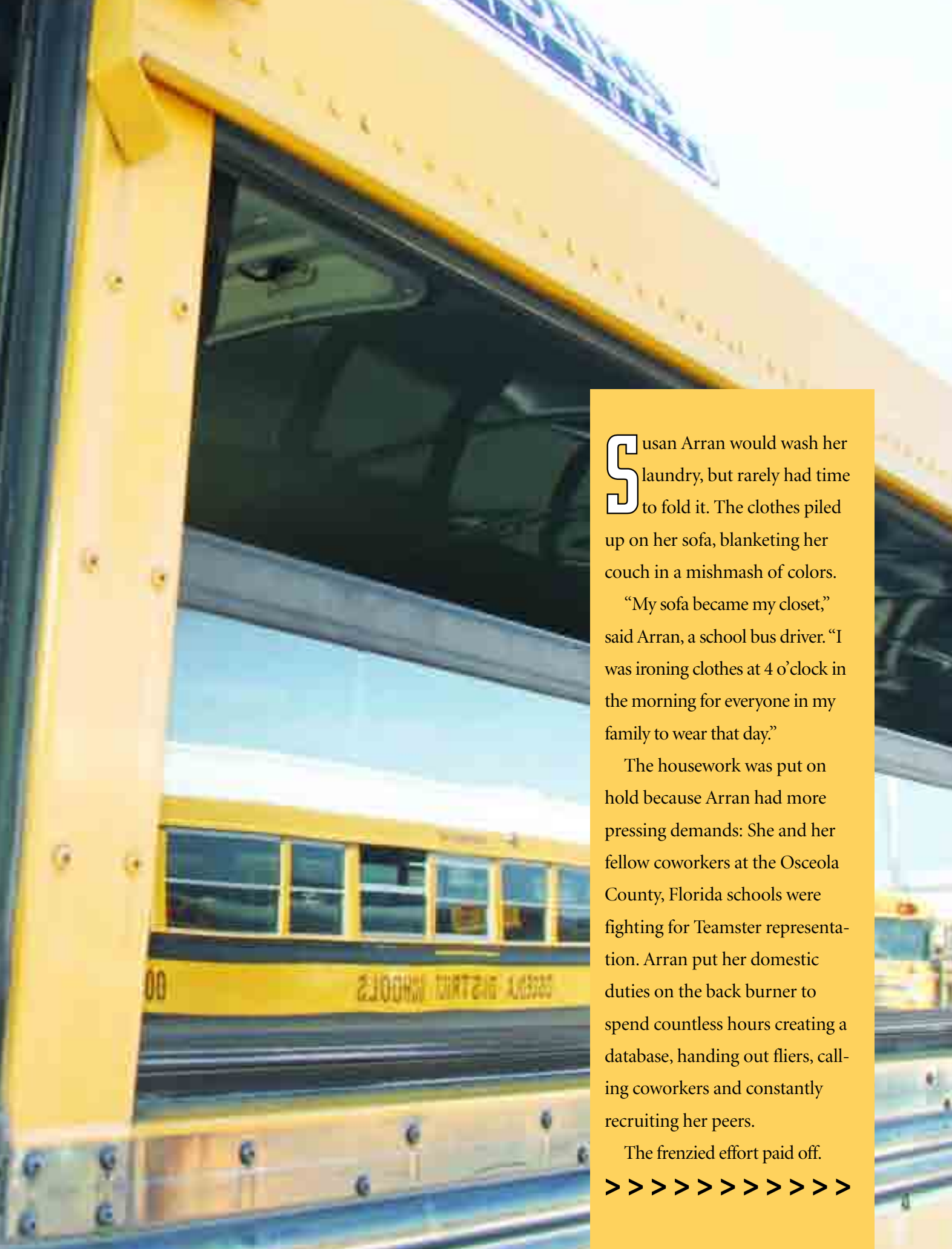
By working together, Teamsters can use their talent, time and yes—money, to elect Gephardt the President of the United States. To contribute to Dick Gephardt’s campaign for President, visit www.DickGephardt2004.com

**You
Can Elect
the Next President
of the United
States!**

BACK TO SCHOOL — WITH DIGNITY

900 OSCEOLA COUNTY
SCHOOL DISTRICT WORKERS
JOIN LOCAL 385





Susan Arran would wash her laundry, but rarely had time to fold it. The clothes piled up on her sofa, blanketing her couch in a mishmash of colors.

“My sofa became my closet,” said Arran, a school bus driver. “I was ironing clothes at 4 o’clock in the morning for everyone in my family to wear that day.”

The housework was put on hold because Arran had more pressing demands: She and her fellow coworkers at the Osceola County, Florida schools were fighting for Teamster representation. Arran put her domestic duties on the back burner to spend countless hours creating a database, handing out fliers, calling coworkers and constantly recruiting her peers.

The frenzied effort paid off.





mitted to working together with the various locals to win campaigns,” said International Organizer Mike McElmury, who spent about eight months in the Orlando area working on the campaign. “It’s not about the Organizing Department coming into an area and saying, ‘we’ve got a campaign to do.’ Rather, it’s a joint effort where everyone—from the local and the Organizing Department to the workers themselves—shares ideas and strategies.”

McElmury was called in to assist Local 385 Organizer Roger Allain, who was involved with the campaign from day one. Allain started out as a volunteer organizer with Local 385, but was hired full-time after Organizer Sean Murray accidentally drowned.

“We dedicated the campaign to Sean, who was loved by everyone,” Allain said.

The Organizing Department provided assistance and expertise along the way, as did other International Union departments, such as Government Affairs and Communications. Then, with about a month left before the election, the Organizing Department sent in about a dozen more organizers from around the country,

On the day before summer break, the 900 workers in the 41,000-student district voted by a 2-to-1 margin to be represented by Local 385 in Orlando, Florida.

Now the bargaining unit—bus drivers, bus aides, cafeteria workers, mechanics, maintenance and warehouse workers and custodial staff—are seeking a contract that will boost wages and benefits, end favoritism and provide the workers with the dignity and respect they deserve.

“I like the Teamsters because of their unity,” said fellow bus driver Walter Crawley, who along with Arran was one of six workers who formed the original committee seeking representation. “We’re all equal in the Teamsters. That’s what I like about it.”

Team Effort

The organizing victory was a cooperative effort between the International Union’s Organizing Department and Local 385.

“The Organizing Department is com-



DEDICATED NOT INTIMIDATED

Management's Tactics Made Employees Stronger

Susan Arran and Walter Crawley were among a group of six Osceola School District workers who formed the original committee seeking Teamster representation, and the group faced many hurdles and challenges along the way.

But the workers remained fiercely committed.

When the group wanted to meet with their co-workers and peers to educate them about the Teamsters, district management thought they could put the workers in their place. Instead of allowing workers to use a vacant classroom or another suitable space, management put the worker/organizers in a closet as a way to hurt their morale.

In another instance, district leaders put them in a space across from the principal's office so that management could keep an eye on their activities, providing a chilling effect. The tactics didn't work. Instead, the district's strategy strengthened the workers' resolve.

"It just made us more steadfast," Arran said. "I had the feeling of 'don't tell me what I can't do.'"

Arran, Crawley and the other worker/organizers, Patsy Wilson, Charlie Walz, Donna Kidd and Rita Powell, remained dedicated throughout the campaign. They spent countless hours delivering fliers to schools in between their routes. They attended dozens of meetings, made scores of phone calls and didn't let up.

Arran and Crawley are currently focusing on the fight that's now under way—winning a strong contract. By doing so, they said they hope to convince the district's white-collar workers that they too should join the Teamsters.

The pair says the long battle for representation was well worth it. The school district needs to recognize the workers' worth.

"They tell us we're the best workers, but they don't want to pay us," Crawley said.

including those who speak Spanish, to ensure victory.

"We really pulled together a great crew of organizers, many of whom came in on short notice," said Rebecca Hanscom, the Organizing Department's Central Region Coordinator.

"The push during the last month was critical in winning the campaign," said Michael Murphy, Assistant Director of the Organizing Department and Special Counsel. "Our organizers coordinated visits to prospective members' homes, reached out to the large number of Spanish-speaking workers with bilingual organizers and launched a strong get-out-the-vote effort. These are strategies our department can offer to any local union that asks for our help. The earlier locals seek assistance, the better chance we have of developing a winning strategy."

"Local 385's leadership did a great job dedicating a full-time organizer to the campaign to get it into high gear," Murphy added, referring to Allain.

"Roger did a great job working on the campaign, and the Organizing Department was a big help. We are proud to welcome

these new members," said Mike Stapleton, Local 385 President. "The organizing campaign was a great victory for the workers, and we are now working hard to get them the strong contract that they deserve."

Worker Unity

In addition to the cooperation within the union, McElmury credited the unity of workers.

"The bottom line is these workers fought hard and they stuck together and that's what these campaigns are all about," McElmury said.

"The workers never gave up, even when the district was making it difficult for us to reach them. They stayed the course and remained committed to achieving justice in the workplace," Allain said.

Now, as workers fight for a contract, that unity is as strong as ever.

During a recent visit to Osceola schools with Allain, cafeteria worker Rosa Molina, a seven-year Osceola County School District employee, proudly dis-

played her Teamsters "Organizing for Power" T-shirt.

Molina, who works at Gateway High School, wants the new contract to provide higher wages and improved health insurance coverage. She also wants the district to spread out her salary so that she gets some pay during the summer, when the school is closed, similar to the way teachers are paid.

"The Teamsters are good at listening to our concerns," she said.

Molina's co-workers, Nancy White, Anna Jones and Carmen Torres agreed that higher wages and benefits are a priority, as well as a restructured pay system.

"Those three months without pay is very tough to pay bills," said Torres, a nine-year district employee who prepares food and works as a cashier. "If you have a family, it is very tough to get by during the summer."

José Coello, a custodian, said that in addition to higher wages, he wants the district to pay for a uniform so he doesn't

MULTI-PRONG ATTACK

Organizing Campaign's Depth Was Crucial to Success

In the old days, many organizing campaigns involved handing out fliers to workers as they left or arrived at the company gates.

Today's campaigns are more complex, and require in-depth strategies. The Osceola School District campaign reflects that reality.

Local 385's organizers did a great job building a base of support, but the campaign needed depth—something the International Union's Organizing Department is set up to provide.

The Organizing Department's strategies included:

■ **House visits/assessments** Trained organizers brought in by the Organizing Department met with workers at their homes and did assessments of the workers to gauge the workers' actual level of support. "We had to do that one-on-one with people outside of the workplace, where they are more comfortable," said Rebecca Hanscom, the Organizing Department's Central Region Coordinator. The effort helped identify 70 leaders who have been tapped to help with the contract campaign that is under way.

■ **Bilingual organizers** Because so many of the school district workers' first language is Spanish, the bilingual interpreters were critical to bridge the communication gap, and to break down cultural barriers.

■ **Get-out-the-vote campaign** Many steps were taken to increase voter participation. For example, building leaders were identified, and they were responsible for walking coworkers to the vote sites. Organizers also rented vans to pick up supporters and bring them to the sites. And at every site there was a supportive and positive Teamster presence.

■ **Charting of assessments** Five days prior to the election, the worker assessments were charted, which enabled organizers to know where weaknesses in support existed. That showed organizers where to focus their attention during the final, crucial days.

■ **Tapping Local 385 retirees** The local's retirees provided key support. Retirees helped make Teamster signs, posters and banners, and helped provide water coolers at vote sites. The retirees also helped with phone banks to garner support.

For more information about the Organizing Department's services, call (202) 624-8718 or visit www.teamster.org/organize/organize.asp



ruin his clothes. He said the school doesn't have enough custodians, and they often don't have the tools or two-way radios necessary for the job.

Retirement Concerns

The custodians at Kissimmee Middle School keep the state-of-the-art, six-year-old school in tip-top shape. While the district is concerned about keeping the school in good condition as it ages, workers said they wish district management cared more about them as they age.

"I want to see our retirement plans improve," said Rafael Rufino, a custodian at the school.

Rufino has to pay \$138 every two weeks toward health insurance coverage for himself, his wife and two children.

Rufino's coworkers—Ravely Southwell, Samuel Colon, Arlene Fairrow and JoAnne Hayden—agreed that health and

retirement benefits need to be improved. Hayden, like many other workers, is worried that the district has also begun subcontracting many of its services, jeopardizing jobs.

"The Teamsters are strong and they'll stand up for us," said Hayden, a 23-year district worker. "The outside contractors don't know the schools like we do. They aren't as responsible."

Hayden said it took her more than 20 years to reach the top rate of pay. In their upcoming contract negotiations, Rufino and Hayden would like to see the number of years to reach the top rate reduced as well as the hiring of more custodians.

Drivers, Mechanics Speak

Over at the district's modern transportation center, yellow buses zip in and out, providing a brief respite for the drivers serving Florida's fastest-growing school district.

"We're not being treated properly as far as seniority is concerned, and regarding extra work assignments," said Charlie Walz, a bus driver, nine-year district employee and another member of the original organizing committee. "There's so much favoritism here. It doesn't matter what seniority you have. That's why it means so much to have the Teamsters behind us."

Wendell Parker, a bus mechanic, agreed that the new contract must address favoritism. He would also like to see job duties better defined.

"Right now we're also inspecting the buses. Inspectors should be inspecting the buses, not doing major repairs, and vice versa. They're making us do both, and we're the only county district that I know of that's required to do that," Parker said.

In the representation election, the Teamsters received 446 votes to 68 for the Osceola Classroom Teachers Association. Another 184 workers voted for no union.

"I'm glad the Teamsters won. They have the strength and the power to fight for us," Parker said.



Teamsters at Osceola Schools

The School District of Osceola County, Florida is growing by about 1,500 students each year, making it the fastest growing school district in Florida.

Serving the 41,000 students are 900 Teamsters. That includes:

- 275 bus drivers and bus aides;
- 275 custodians;
- 225 food service workers;
- 75 maintenance workers;
- 30 warehouse workers; and
- 15 mechanics.



"I've always worked in union shops and I know the strength of union representation," added Frank Ortiz, a mechanic and four-year employee. "When you work, you deserve consideration and respect and no harassment. The Teamsters can deliver for us."

"There's a lot of favoritism. I'd like to see the rules apply to everyone. The Teamsters can bring us fairness," said Sam Atkins, a 16-year mechanic.

Other 'Hot' Issues

At Gateway High School, Greg Tomlinson was braving the scorching sun, removing a motorized fan from an outdoor air conditioning unit. The sweaty task wasn't the only hot topic on the 14-year employee's mind.

"I'm concerned about our benefits. Our insurance is not what it was when I started here. I'm getting older and it's important to me. I'd like more job security and the security in knowing that my benefits are protected. The district is hiring more outside contractors to do our work. Those are projects we could have done. With outside

contractors, you don't get the same quality work or response time. We know the machines—we can get them up and running sooner," Tomlinson said.

At the district's warehouse, cleaning supplies and classroom equipment line the shelves. Workers such as Willie Cruz and John Hughes make sure the district's 45 campuses are fully stocked and ready to go.

"Like everyone else, we can really use higher pay and better benefits," said Cruz, taking a break from driving his forklift. "The district needs to review the jobs and pay what's appropriate. We work really hard here."

Over at the Discovery Intermediate School, custodian Hector Algarin is seeking job security.

"I joined the Teamsters to have a secure job. At some schools, they have a private cleaning company. You never know if you'll have a job," Algarin said.

"We need rules that protect us, clear job functions and rights on the job," added Joe DeSoto, another custodian. "That's why I voted for the Teamsters."

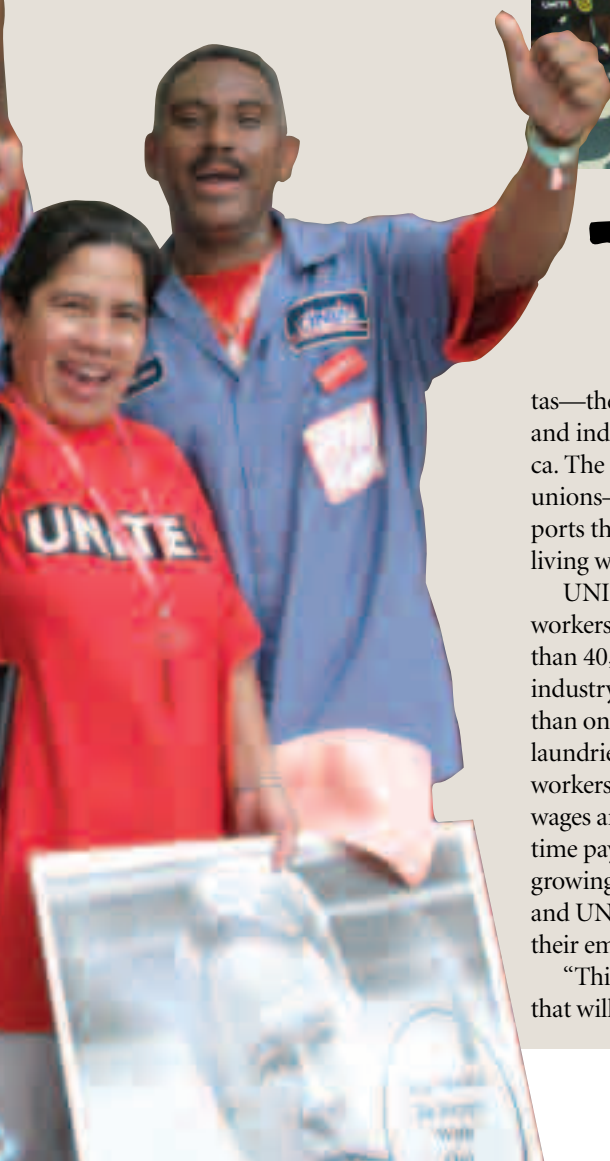


DIRTY

TEAMSTERS AND UNITE TAKE ON CINTAS



LAUNDRY



The Teamsters are joining forces with the Union of Needletrades, Industrial and Textile Employees (UNITE) to organize workers at Cintas—the largest uniform rental provider and industrial launderer in North America. The historic initiative between the two unions—called “Uniform Justice”—supports the Cintas workers’ efforts to earn a living wage and decent benefits.

UNITE represents more than 250,000 workers in North America, including more than 40,000 members in the laundry industry. The two unions represent more than one-third of the workers at industrial laundries in North America. The 17,000 workers at Cintas are paid substandard wages and drivers are cheated out of overtime pay. Resolve among Cintas workers is growing stronger now that the Teamsters and UNITE are teaming up to take on their employer.

“This is a powerful partnership—one that will bring a high level of intensity and

visibility to the Cintas campaign and the plight of these workers,” said Teamsters General President Jim Hoffa. “We will take on corporate bullies like Cintas. The days of the company abusing its workers are over. This alliance is strong, and together, we will fight for these workers to achieve representation and fairness on the job.”

Union Partnership

Under the partnership between the Teamsters and UNITE, drivers who deliver Cintas products will organize with the Teamsters. Production workers in the Cintas laundries will organize with UNITE. This joint effort will create greater strength in the campaign for “Uniform Justice,” and signals a bold new Teamsters initiative to help more workers achieve a living wage, decent healthcare and a safer workplace.

“This is a great day for North American workers,” said UNITE President Bruce Raynor on July 25, the day the organizing campaign was launched in Chicago. “We

THE TEAMSTERS AND UNITE ARE HERE TO SAY 'NO MORE.' CINTAS WORKERS WILL ACHIEVE JUSTICE.

— JEFF FARMER, DIRECTOR OF ORGANIZING



may have different perspectives and history, but we are coming together to put an end to the disgraceful behavior of industry giant Cintas.”

Cintas has been relentless not only in their persecution of union supporters but also in

cheating the very workers that make it profitable. Cintas reported profits of \$234 million last year alone.

Worker Abuse

“They call us ‘partners’ but they treat us terribly,” said Santa Ana Ventura, a worker at Cintas’ Bedford Park, Illinois facility. “We have no rights, no voice on the job and we are treated with no respect. I’m glad to know the Teamsters and UNITE will help us form a union, because we’re sick of Cintas breaking the law and cheating workers.”

The history of Cintas fighting its workers is a long and ugly one. It includes crushing new organizing attempts and undermining established unions at the company. The National Labor Relations Board has already issued 25 complaints against Cintas for committing violations against labor law.

Cintas is currently under investigation in the United States and Canada for more than 100 violations of federal labor law. Since the organizing began with UNITE in January 2003, Cintas has been illegally harassing, intimidating and firing workers for trying to form a union.

In March, Cintas drivers filed a national class action lawsuit alleging that their

employer intentionally refused to pay drivers up to \$100 million in overtime pay.

Ongoing Support

Since announcing this organizing campaign, the two unions and the Cintas workers have received tremendous support. In July, workers from a Cintas facility in Connecticut, U.S. Representatives Rosa DeLauro (D-CT) and Dennis Kucinich (D-OH), and Local 601 Secretary Treasurer Lucio Reyes joined the two union presidents at a press conference on Capitol Hill.

Representatives DeLauro and George Miller (D-CA) wrote a letter, which was signed by 89 other members of Congress. The letter was addressed to Cintas Corporation President Richard Kohlepp, urging him to negotiate in good faith with the company’s workers.

The letter states that “As members of Congress, we are troubled by reports about how Cintas management has responded to its employees’ efforts to organize a union,” and states, “given the history of Cintas’ conduct and communication with its employee partners, it would be to the benefit of Cintas employees if the unions and Cintas management agreed to a fair and expeditious process by which unionization can be determined.”

Labor Day Rally

On Labor Day, the Teamsters joined workers at Cintas in calling for the respect and justice they deserve. Hundreds of Teamsters joined AFL-CIO President John Sweeney and Raynor at a Labor Day rally in Cincinnati.

“Companies like Cintas have no idea of the true meaning of Labor Day,” said Teamsters Director of Organizing Jeff Farmer. “They exploit their workers and use any means necessary to thwart worker’s efforts to organize. The Teamsters and UNITE are here to say ‘no more.’ Cintas workers will achieve justice.”



Happy Birthday Teamsters!

Union Celebrates 100-Year Anniversary

At a landmark event befitting an organization celebrating a century of service, 4,000 members, retirees and friends of the International Brotherhood of Teamsters gathered on September 6 in Washington, D.C. for an afternoon and evening of reflection, high spirits and camaraderie.

“The Teamsters Union is a celebration of the finest qualities of the human spirit,” said Jim Hoffa, Teamsters General President. “It has always been, and still is, a symbol of the need for working families to join together for a common purpose.”

Substantial portions of the program were devoted to an overview of the Teamsters’ first century, including recognition of the 18 locals celebrating their own centennials as well as a 45-minute video describing historical milestones. The 18 locals were recognized by remarks from General Secretary-Treasurer C. Thomas Keegel, and bestowed with a centennial charter and plaque for their achievements. The documentary video was introduced by four of the Teamsters oldest members from around the country: Wendel Kister, a member of Local 386 since 1933; T. Eddy Sheehan, a 50-year member from Local 25; Frank Alba, a Local 114 member since 1940; and John Donaldson, a member of Local 213 since 1947. These members were honored for more than 239 combined years of service to the union.

Visions for the Future

General President Hoffa shared his visions for the future of the union at the evening program and also had the pleasure of presenting Lifetime Achievement Awards to Walter Shea, Joseph Konowe, Louis LaCroix, Eula Cleveland, Edward Lawson and R.V. Durham for years of outstanding service to the union.

Representative Richard Gephardt (D-MO)—the union's endorsed candidate for U.S. President, former President Bill Clinton and Senator Hillary Clinton (D-NY) spoke forcefully on worker rights and the challenges facing American workers. Also speaking were Representative John Lewis (D-GA) and AFL-CIO President John Sweeney. The evening was capped with entertainment provided by singer Lee Greenwood.

"We have accomplished so much in 100 years," Hoffa said. "Let us remain mindful of the tasks ahead. Let us remain true to our union brothers and sisters. And let us remain united as we build a powerful future for all working families."

Anniversary festivities began on September 4 with guided tours of the International headquarters. Tours were held for any member wishing to participate and included exhibits portraying the achievements of Teamsters over the last century. The focus of the exhibit concentrated on the years of dedicated service that rank-and-file members have provided to the union and community at large.



The lobby of the Teamster building was renovated to honor the achievements of rank-and-file members.



Teamsters gathered at the Washington Hilton's grand ballroom on September 6 to celebrate a century of improving workers' lives.



The festivities were capped with entertainment provided by singer Lee Greenwood.



Teamsters at the dinner event react to speeches by some of America's most ardent labor supporters.



Teamster retirees were honored at the evening banquet.



Secretary of Labor Elaine L. Chao presents General President Jim Hoffa with an award commemorating the 100-year anniversary of the Teamsters Union.



Former President Bill Clinton addressed attendees on the importance of the up-coming Presidential election and supporting candidates who support workers.



More than 300 Joint Council leaders met during a conference titled "Joint Councils: Coordinating Centers for Teamster Power," that coincided with the celebration.

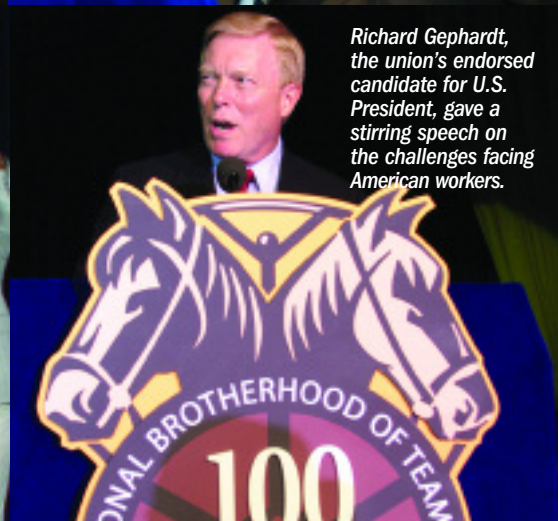


Jim Hoffa and Richard Gephardt share the stage at the 100-year anniversary celebration.



Representative John Lewis (D-GA) gave a rousing oration on the state of the American worker.

18 Teamster locals also reached the 100-year landmark and were honored for the achievement.



Richard Gephardt, the union's endorsed candidate for U.S. President, gave a stirring speech on the challenges facing American workers.

Glazing a Trail

Local 734 Organizes Chicago Krispy Kreme Drivers

Darien Perry has job security for two reasons. “One—because I’m a Teamster,” he said. “Two—because Krispy Kreme doughnuts are addictive.”

Perry is a driver for Krispy Kreme and recently enjoyed the sweet taste of victory when he and his coworkers voted to join Local 734 in Chicago. And at a company that prides itself on its commitment to serving the freshest and tastiest doughnuts in the world, workers are anxious to see a comparable level of commitment extended to them.

“The biggest issue with these workers was getting their employer to recognize seniority,” said Scott Kunz, an organizer for Local 734. “The drivers were really behind this thing. They worked hard for Teamster representation.”

A Century of Experience

The drivers voted by a three-to-one margin in favor of Teamster representation but more drivers—who will also be Teamsters—are being hired

as the company expands.

“Most of us in the unit are fairly new because Krispy Kreme just started up in this area,” Perry said. “We wanted the Teamsters because we know about their reputation—especially Local 734—which represents lots of bakery drivers around here. I’ve talked with other Teamster drivers at the local and they all had great things to say about the organization.”

Local 734 is uniquely qualified to represent the Krispy Kreme workers because of their experience. The local handles bakery drivers—nothing else—and it has been that way for 100 years. In fact, Local



734 was recently honored at the Teamsters 100-Year Anniversary celebration as one of 18 100-year locals celebrating their own centennials.

Victory is Sweet

Krispy Kreme produces approximately 7.5 million doughnuts a day and more than 2.7 billion each year. They have more than 300 stores in the United States and locations in Canada and

Australia. It is not only one of the fastest-growing chains in the country, but some say their product is far better than any other brand.

“Krispy Kreme is much better than Dunkin’ Donuts,” Perry said. “Krispy Kreme is so addictive. People are never going to get sick of them.”



[LOCAL 89](#)

Longview Fibre

Fifty-three warehouse workers at Longview Fibre, a Bowling Green, Kentucky corrugated-box company, voted to join Local 89 in Louisville.

“The company campaigned long and hard against union representation, but our inside committee of employees continued to get the facts to their coworkers, ensuring a Teamster victory,” said Fred Zuckerman, Local 89 President.

[LOCAL 848](#)

Coca-Cola

By a vote of 47 to 26, Coca-Cola merchandisers in Sylmar, California beat back management’s challenge and won a rerun election for representation by Local 848.

“Our issue was the simple fact that we weren’t being treated right, and we were going to put a stop to it,” said Albert Cuellar, a member of the Organizing Committee during the campaign, which was coordinated with Joint Council 42 and the International Union’s Organizing Department.

Although Local 848 earlier won an election by two votes, management challenges forced the rerun, which in turn widened the margin of victory to nearly two-to-one.

[LOCALS 355, 570](#)

Yellow Bus Company

The Teamsters won three elections in as many months at Yellow Bus Company in Maryland, bringing nearly 500 drivers and atten-

dants into the union’s ranks.

By an 85-27 vote, Local 570 gained 194 members at the company’s Jessup/Savage facility, then added 114 members in Baltimore. Another Baltimore unit of 150 voted 77-2 to join Local 355.

Local 570 Organizer Mo Jackson said that poor pensions, “outrageous” health insurance costs and overtime were among the factors contributing to the substantial vote margins.

[JOINT COUNCIL 43](#)

TNT Logistics

Fifty workers at a TNT Logistics warehouse in Temperance, Michigan now enjoy the benefits of Teamsters membership, thanks to card-check recognition by their employer.

Joint Council 43 Organizer Dan Dengel is leading negotiations for the first contract at the facility, which stores tires for major manufacturers. Eventually, as many as 250 Teamsters may be employed at the warehouse.

[LOCAL 961](#)

Ampco, PCA, Great Lakes Aviation

Local 961 in Denver has racked up several aviation-related organizing victories with huge winning margins.

Reversing a 2001 loss stemming from management’s empty promises, more than 20 parking supervisors at Ampco System Parking at Denver International Airport voted by 70 percent to join the union.

At an off-site parking facili-

ty at the same airport, more than 30 workers at the Parking Company of America were organized with the assistance of Business Representative Matthew Fazakas and International Representative Ed Bagwell. The workers, who had gone eight years without a raise and saw their vacation time taken away, turned in a 91 percent “yes” vote.

Tired of having their wages cut and their workloads increased, 100 percent of voting flight dispatchers at Great Lakes Aviation joined the local through a Railway Labor Act election.

[LOCAL 332](#)

MATCO

More than 50 workers at MATCO, Inc., a Flint, Michigan production plant that paints auto parts, voted in favor of joining Local 332.

Management’s poor treatment of workers and lack of respect, in addition to arbitrary work rule changes, poor pay and benefits were the main issues.

[LOCAL 50](#)

PFD

Workers at PFD of Lebanon, a food warehouse in Lebanon, Illinois, voted by nearly eight-to-one to join Local 50 in Belleville, Illinois.

“There was unity among the workers, and they wanted the rights and protections that the Teamsters provide,” said John Green Sr., President of Local 50.

After 37 of the 47 workers signed authorization cards,

Local 50 petitioned for an election, which prompted the company to start an anti-union campaign. Workers then voted 39-to-5 to join the union.

“The fact that the Teamsters have strong national contracts really helped motivate the workers. They see what the union offers them,” said John Green Jr., Local 50 Vice President.

[LOCAL 486](#)

Mid-Michigan Medical Center

Local 486 in Saginaw, Michigan, recently welcomed 35 nurses into the union after a representational election in which the Teamsters won by a two-to-one margin.

“The Teamsters Union will use every resource available, and do everything possible to obtain a contract that will provide this group with the dignity, respect and justice they deserve,” said David Robinson, Secretary-Treasurer of Local 486.

The Mid-Michigan Medical Center nurses chose Local 486 after researching several other labor union organizations throughout Michigan and talking to nurses at various unionized hospitals in the state.

“This will serve as a leading example for other healthcare organizing campaigns across the state. It’s important that we organize at these non-union facilities to secure the healthcare professionals’ rightful place in the collective bargaining process,” said Nina Bugbee, RN and President of Local 332, which together with Joint Council 43 assisted Local 486 in the campaign.

Auditor's Report Reflects Fiscal Progress

The Fiscal Year of 2002 proved to be a key turning point in ensuring the financial security of the International Union. With the dues and per capita tax restructuring adopted at the 2002 Special Convention, the International Union has made a significant financial rebound.

Consistent with actions taken at the Special Convention, funds are being set aside for a dedicated Strike and Defense Fund. In addition, funds have been designated for:

- Organizing activities as required by actions taken at the Special Convention;
- Allocations to pay for the 2006 Convention and Election of International Officers; and
- Repairs and renovations to the International Headquarters building.

I am confident that we have turned the finances of our Union around and are on the path to restoring the financial strength and integrity of this great

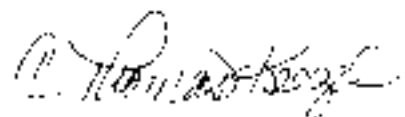
Union. We will remain vigilant stewards of our members' money.

The 2002 LM-2 Report and Audited Financial Statements do report negative net assets as of December 31, 2002, but that results exclusively from the recording of Pension Benefit Obligations and Post Retirement Benefits. The pension fund activity is directly tied to the stock market that was negatively affected by the events of September 11, 2001 as well as a three-year market slump. In fact, the International Union recorded no unfunded pension obligations in 2001—therefore, as the economy improves, the pension obligations will be reduced.

The Post Retirement Benefit obliga-

tion is an actuarially-based estimate that takes into consideration the current number of International Union employees and the cost of providing health and welfare benefits to them if they reach retirement status.

These technical accounting entries are required for compliance with Generally Accepted Accounting Principles and they do not accurately reflect the strong financial health of the International Union.



C. THOMAS KEEGEL
GENERAL SECRETARY-TREASURER

Novak | Francella
LLC
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

Members of the General Executive Board
International Brotherhood of Teamsters

We have audited the accompanying consolidated statement of financial position of the International Brotherhood of Teamsters (the International Union) as of December 31, 2002, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the International Union's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the International Union's management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the International Union as of December 31, 2002 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Novak | Francella LLC

March 14, 2003

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NEW YORK | Eleven Pennycuik Plaza, Suite 201 | New York, NY 10001-2006 | 212.279.4252 | 212.279.4254 Fax | 40011

International Brotherhood of Teamsters Consolidated Statement of Financial Position

DECEMBER 31, 2002

| | GENERAL FUND | STRIKE AND DEFENSE FUND | HOFFA SCHOLARSHIP FUND | CIRCULATION FUND | TEAMSTER DISASTER RELIEF FUND | BENEFIT TRUST | ELIMINATIONS | TOTAL |
|---|----------------------|-------------------------------|------------------------------|---------------------|--|---------------------|--------------------|----------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 18,774,952 | \$ 5,425,934 | \$ 781,807 | \$ — | \$ 148,322 | \$ 1,212,656 | \$ — | \$ 26,343,671 |
| Cash collateral held for securities on loan | 1,553,136 | — | — | — | — | — | — | 1,553,136 |
| Receivables, net | | | | | | | | |
| Trade | 13,770,026 | — | 1,356 | — | — | 554,620 | — | 14,326,002 |
| Grants and contributions | 324,449 | — | — | — | — | — | — | 324,449 |
| Accrued investment income | 226,195 | — | — | — | — | — | — | 226,195 |
| Securities sales pending settlement | 3,597,687 | — | — | — | — | — | — | 3,597,687 |
| Due from related entities | 42,249 | — | — | — | — | — | (23,574) | 18,675 |
| Inventories | 396,412 | — | 6,011 | — | 711 | — | — | 403,134 |
| Prepaid expenses | 690,986 | — | — | — | — | — | — | 690,986 |
| Investments | | | | | | | | |
| First trust notes – affiliates | 3,618,069 | — | — | — | — | — | — | 3,618,069 |
| Other | 27,293,380 | — | 1,098,319 | — | — | — | — | 28,391,699 |
| Property and equipment, net | 9,322,015 | — | — | — | — | — | — | 9,322,015 |
| Security deposits and other | 113,651 | — | 24,939 | — | — | 6,931 | — | 145,521 |
| Total assets | \$ 79,723,207 | \$ 5,425,934 | \$ 1,912,432 | \$ — | \$ 149,033 | \$ 1,774,207 | \$ (23,574) | \$ 88,961,239 |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable and accrued expenses | | | | | | | | |
| Trade | \$ 11,119,520 | \$ — | \$ 352,105 | \$ — | \$ — | \$ 157,737 | \$ (23,574) | \$ 11,605,788 |
| Securities purchases pending settlement | 6,810,527 | — | — | — | — | — | — | 6,810,527 |
| Liability to return collateral for securities on loan | 1,553,136 | — | — | — | — | — | — | 1,553,136 |
| Loans payable | 565,000 | — | — | — | — | — | — | 565,000 |
| Accrued pension costs | | | | | | | | |
| Retirement and Family Protection Plan | 22,320,430 | — | — | — | — | — | — | 22,320,430 |
| Teamster Affiliates Pension Plan | 59,033,498 | — | — | — | — | — | — | 59,033,498 |
| Accrued postretirement health care benefits cost | 42,582,098 | — | — | — | — | — | — | 42,582,098 |
| Total liabilities | 143,984,209 | — | 352,105 | — | — | 157,737 | (23,574) | 144,470,477 |
| Net Assets | | | | | | | | |
| Unrestricted | (65,790,959) | 5,425,934 | 1,560,327 | — | 149,033 | 1,616,470 | — | (57,039,195) |
| Temporarily restricted | 1,529,957 | — | — | — | — | — | — | 1,529,957 |
| Total net assets | (64,261,002) | 5,425,934 | 1,560,327 | — | 149,033 | 1,616,470 | — | (55,509,238) |
| Total liabilities and net assets | \$ 79,723,207 | \$ 5,425,934 | \$ 1,912,432 | \$ — | \$ 149,033 | \$ 1,774,207 | \$ (23,574) | \$ 88,961,239 |

See accompanying notes to consolidated financial statements.

International Brotherhood of Teamsters Consolidated Statement of Activities

YEAR ENDED DECEMBER 31, 2002

| | GENERAL FUND | | STRIKE AND DEFENSE FUND | HOFFA SCHOLARSHIP FUND | | CIRCULATION FUND | DISASTER RELIEF FUND | BENEFIT TRUST | ELIMINATIONS | TOTAL |
|---|-----------------|------------------------|-------------------------|------------------------|------------------------|------------------|----------------------|---------------|--------------|-----------------|
| | UNRESTRICTED | TEMPORARILY RESTRICTED | UNRESTRICTED | UNRESTRICTED | TEMPORARILY RESTRICTED | UNRESTRICTED | UNRESTRICTED | UNRESTRICTED | | |
| REVENUE AND OTHER SUPPORT | | | | | | | | | | |
| Per capita and initiation fees | \$ 101,963,155 | \$ — | \$ 7,056,107 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 109,019,262 |
| Grants and contributions | 2,021,378 | 940,327 | — | — | — | 606,553 | 18,674 | 5,000 | (606,553) | 2,985,379 |
| Special fund raising events | — | — | — | 1,443,957 | — | — | — | — | — | 1,443,957 |
| Affinity program | 891,612 | — | — | — | — | — | — | 1,605,379 | — | 2,496,991 |
| Investment income, net | (1,536,508) | — | — | 55,443 | — | — | — | 3,970 | — | (1,477,095) |
| Sales of supplies, net | 5,661 | — | — | 23,066 | — | — | 9,120 | — | — | 37,847 |
| Loss on disposal of property and equipment | (5,155) | — | — | — | — | — | — | — | — | (5,155) |
| Forgiveness of debt | 2,695,000 | — | — | — | — | — | — | — | — | 2,695,000 |
| Other | 678,938 | — | — | — | — | — | — | 199,801 | — | 878,739 |
| Net assets released from restrictions | 765,700 | (765,700) | — | 45,000 | (45,000) | — | — | — | — | — |
| Total revenue | 107,479,781 | 174,627 | 7,056,107 | 1,567,466 | (45,000) | 606,553 | 27,794 | 1,814,150 | (606,553) | 118,074,925 |
| EXPENSES | | | | | | | | | | |
| Program services | | | | | | | | | | |
| Member services | | | | | | | | | | |
| Communications, magazine and public relations | 9,902,607 | — | — | — | — | — | — | — | — | 9,902,607 |
| Financial assistance to affiliates | 378,293 | — | — | — | — | — | — | — | — | 378,293 |
| Industry trade division and relations | 20,093,623 | — | — | — | — | — | — | — | — | 20,093,623 |
| Out-of-work benefits | 2,752,106 | — | 1,630,173 | — | — | — | — | — | — | 4,382,279 |
| Research, education and training | 10,474,017 | — | — | — | — | — | — | 34,000 | — | 10,508,017 |
| Retiree relations, scholarships and other | 122,072 | — | — | 485,377 | — | — | — | 113,879 | — | 721,328 |
| Organizing | 7,969,178 | — | — | — | — | — | — | — | — | 7,969,178 |
| Other | 10,441,638 | — | — | — | — | 754,969 | 275,838 | — | (606,553) | 10,865,892 |
| Affiliation fees | 11,922,025 | — | — | — | — | — | — | — | — | 11,922,025 |
| Government affairs | 9,931,395 | — | — | — | — | — | — | — | — | 9,931,395 |
| Legal and litigation | 14,036,852 | — | — | — | — | — | — | — | — | 14,036,852 |
| Civil RICO | 3,496,252 | — | — | — | — | — | — | — | — | 3,496,252 |
| Convention | 986,145 | — | — | — | — | — | — | — | — | 986,145 |
| Total program services expenses | 102,506,203 | — | 1,630,173 | 485,377 | — | 754,969 | 275,838 | 147,879 | (606,553) | 105,193,886 |
| Supporting services | | | | | | | | | | |
| Administration and governance | 8,128,403 | — | — | 71,563 | — | 1,234 | 1,136 | 49,801 | — | 8,252,137 |
| Fund raising | — | — | — | 587,683 | — | — | — | — | — | 587,683 |
| Total expenses | 110,634,606 | — | 1,630,173 | 1,144,623 | — | 756,203 | 276,974 | 197,680 | (606,553) | 114,033,706 |
| CHANGE IN NET ASSETS | (3,154,825) | 174,627 | 5,425,934 | 422,843 | (45,000) | (149,650) | (249,180) | 1,616,470 | — | 4,041,219 |
| Net assets | | | | | | | | | | |
| Beginning of year | 4,730,206 | 1,355,330 | — | 1,137,484 | 45,000 | 149,650 | 398,213 | — | — | 7,815,883 |
| Teamster Affiliates Pension Plan | (67,366,340) | — | — | — | — | — | — | — | — | (67,366,340) |
| End of year | \$ (65,790,959) | \$ 1,529,957 | \$ 5,425,934 | \$ 1,560,327 | \$ — | \$ — | \$ 149,033 | \$ 1,616,470 | \$ — | \$ (55,509,238) |

See accompanying notes to consolidated financial statements.

International Brotherhood of Teamsters Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2002

| | GENERAL FUND | STRIKE AND DEFENSE FUND | HOFFA SCHOLARSHIP FUND | CIRCULATION FUND | TEAMSTER DISASTER RELIEF FUND | BENEFIT TRUST | ELIMINATIONS | TOTAL |
|--|---------------------|-------------------------------|------------------------------|---------------------|--|---------------------|--------------|----------------------|
| CASH FLOWS PROVIDED BY (USED IN) | | | | | | | | |
| OPERATING ACTIVITIES | | | | | | | | |
| Cash received from | | | | | | | | |
| Affiliated conferences, joint councils, and local unions | \$ 96,339,044 | \$ 7,056,107 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 103,395,151 |
| Investment income | 1,477,361 | — | 55,443 | — | — | 3,970 | — | 1,536,774 |
| Other revenue and reimbursements | 6,166,943 | — | 1,448,228 | 606,553 | 32,614 | 1,248,629 | (606,553) | 8,896,414 |
| Net cash received | 103,983,348 | 7,056,107 | 1,503,671 | 606,553 | 32,614 | 1,252,599 | (606,553) | 113,828,339 |
| Cash disbursed to | | | | | | | | |
| Service providers, suppliers, vendors and others | (66,027,783) | — | (736,690) | (756,203) | (277,685) | (39,943) | 606,553 | (67,231,751) |
| AFL-CIO and other labor organizations | (10,431,566) | — | — | — | — | — | — | (10,431,566) |
| Affiliated conferences, joint councils and local unions | (20,471,916) | — | — | — | — | — | — | (20,471,916) |
| Members for benefits under Strike Benefit Assistance Program | (2,752,106) | (1,630,173) | — | — | — | — | — | (4,382,279) |
| Net cash used | (99,683,371) | (1,630,173) | (736,690) | (756,203) | (277,685) | (39,943) | 606,553 | (102,517,512) |
| Net cash provided by (used in) operating activities | 4,299,977 | 5,425,934 | 766,981 | (149,650) | (245,071) | 1,212,656 | — | 11,310,827 |
| CASH FLOWS PROVIDED BY (USED IN) | | | | | | | | |
| INVESTING ACTIVITIES | | | | | | | | |
| Proceeds from sale or redemption of investments | 59,060,399 | — | 781,584 | — | — | — | — | 59,841,983 |
| Purchase of investments | (60,881,256) | — | (827,146) | — | — | — | — | (61,708,402) |
| Purchase of fixed assets | (1,357,202) | — | — | — | — | — | — | (1,357,202) |
| Proceeds from sale of fixed assets | 10,000 | — | — | — | — | — | — | 10,000 |
| Payment of loans by affiliates | 1,240,288 | — | — | — | — | — | — | 1,240,288 |
| Loans to affiliates | (110,000) | — | — | — | — | — | — | (110,000) |
| Net cash used in investing activities | (2,037,771) | — | (45,562) | — | — | — | — | (2,083,333) |
| Net increase (decrease) in cash | 2,262,206 | 5,425,934 | 721,419 | (149,650) | (245,071) | 1,212,656 | — | 9,227,494 |
| CASH AND CASH EQUIVALENTS | | | | | | | | |
| Beginning of year | 16,512,746 | — | 60,388 | 149,650 | 393,393 | — | — | 17,116,177 |
| End of year | \$ 18,774,952 | \$ 5,425,934 | \$ 781,807 | \$ — | \$ 148,322 | \$ 1,212,656 | \$ — | \$ 26,343,671 |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | | | | | |
| Change in net assets | \$ (70,346,538) | \$ 5,425,934 | \$ 377,843 | \$ (149,650) | \$ (249,180) | \$ 1,616,470 | \$ — | \$ (63,325,121) |
| Net depreciation of investments | 2,776,553 | — | — | — | — | — | — | 2,776,553 |
| Loss on disposal of fixed assets | 5,155 | — | — | — | — | — | — | 5,155 |
| Forgiveness of debt | (2,695,000) | — | — | — | — | — | — | (2,695,000) |
| Bad debt expense | — | — | 45,000 | — | — | — | — | 45,000 |
| Depreciation expense | 2,552,029 | — | — | — | — | — | — | 2,552,029 |
| (Increase) decrease in assets | | | | | | | | |
| Receivables | (4,228,692) | — | (1,356) | — | — | (554,620) | — | (4,784,668) |
| Inventories | 771,791 | — | (6,011) | — | (711) | — | — | 765,069 |
| Prepaid expenses | 37,497 | — | 18,913 | — | — | — | — | 56,410 |
| Deferred pension cost | 8,332,842 | — | — | — | — | — | — | 8,332,842 |
| Security deposits and other | 279,148 | — | (17,439) | — | 4,820 | (6,931) | — | 259,598 |
| Increase (decrease) in liabilities | | | | | | | | |
| Accounts payable and accrued expenses | 288,903 | — | 350,031 | — | — | 157,737 | — | 796,671 |
| Accrued pension costs | 61,185,288 | — | — | — | — | — | — | 61,185,288 |
| Accrued postretirement health care benefits cost | 5,341,001 | — | — | — | — | — | — | 5,341,001 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | \$ 4,299,977 | \$ 5,425,934 | \$ 766,981 | \$ (149,650) | \$ (245,071) | \$ 1,212,656 | \$ — | \$ 11,310,827 |

See accompanying notes to consolidated financial statements.

International Brotherhood of Teamsters Notes to Consolidated Financial Statements

DECEMBER 31, 2002

NOTE 1. NATURE OF OPERATIONS

The International Brotherhood of Teamsters (the International Union) is one of the largest labor unions in North America with a membership representing a variety of industries and trades. The primary source of revenue is per capita taxes paid by local unions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING - The financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

CONSOLIDATION AND FUND ACCOUNTING - The consolidated financial statements include the accounts and activities of the International Union and related entities under the International Union's control. For purposes of presentation in the consolidated financial statements and in accordance with requirements set forth in its Constitution, the International Union reports its accounts and activities in the following funds:

GENERAL FUND - Provides for the ongoing activities of the International Union not specifically carried out by any other fund. The General Fund also includes the consolidated accounts of the Teamsters National Headquarters Building Corporation, a for-profit corporation formed to be a title holding corporation for the International Union's headquarters building. All significant intercompany account balances have been eliminated in consolidation. Included in the General Fund is the Public Services Assistance Fund. This fund provides assistance to public employees whose contracts do not entitle them to strike benefits. Also included in the General Fund are funds designated for organizing activities. Ten percent of per capita tax received by the International Union, excluding the amount received for members in Teamsters Canada, is designated for organizing activities.

STRIKE AND DEFENSE FUND - The Strike and Defense Fund was created in 2002 to support members engaged in collective action to obtain recognition, obtain and/or protect wages and benefits through the negotiation of collective agreements, enforce collective bargaining agreements, and/or members who have been locked out by their employers. The Strike and Defense Fund replaced the Defense Fund, which was terminated during 2002. The assets and liabilities of the Defense Fund were assumed by the General Fund.

Fifteen percent of per capita tax received by the International Union, excluding the amount received for members in Teamsters Canada and members employed in the public sector who do not have the legal right to strike, shall be transferred to the Strike and Defense Fund.

HOFFA SCHOLARSHIP FUND - The Hoffa Scholarship Fund represents the accounts and activities of the James R. Hoffa Memorial Scholarship Fund, Inc., a related organization under the International Union's control. The Fund was incorporated in November 1999 and began operations in January 2000 for the purpose of awarding scholarships to dependents of union members in order to enable the recipients to attend accredited post-secondary educational institutions. The funding for scholarships is provided by voluntary contributions to the Fund and the net proceeds of annual fund raising events. The number of recipients and the amount of the scholarship award or awards are determined by the directors. As a form of financial assistance to the Hoffa Scholarship Fund the International Union provides facilities and administrative, accounting and clerical assistance.

CIRCULATION FUND - The Circulation Fund represents the accounts and activities of the Circulation Fund Labor Management Cooperation Committee, Inc. (CF/LMCC), a related organization under the International Union's control. CF/LMCC is organized as a labor-management cooperation committee under the Labor Management Cooperation Act of 1978, between the International Union and the Detroit Newspapers to improve labor management relationships, job security and organizational effectiveness. The Circulation Fund was terminated during 2002.

TEAMSTER DISASTER RELIEF FUND - The Teamster Disaster Relief Fund represents the accounts and activities of the Teamster Disaster Relief Fund, a related organization under the International Union's control. The Fund was incorporated in September 1992 and began operations in 1992 for the purpose of providing monetary and non-monetary relief directly or indirectly to members or their beneficiaries who are victims of hurricane, flood, earthquake, fire, accident or other disaster. Funding is provided by voluntary contributions and the net proceeds of fund raising activities. The directors determine the number of recipients and the amount of aid. As a form of financial assistance to the Disaster Relief Fund, the International Union provides facilities and administrative, accounting and clerical assistance.

BENEFIT TRUST - The Benefit Trust represents the accounts and activities of the International Brotherhood of Teamsters Benefit Trust, a financially inter-related organization

under the International Union's control. The Trust was established in 2001 to serve as a vehicle for the coordination and funding of numerous health and welfare and educational programs for the benefit of members and their families. The Trust is funded through insurance and royalty income derived from various agreements with outside vendors.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents consist of amounts held in demand deposit and money market accounts.

INVENTORY - The International Union maintains an inventory of supplies for resale to local unions and individual members. Inventory is stated at cost which approximates the selling price of items held.

INVESTMENTS - Investments are reported at their aggregate fair value. The fair value of investments in common and preferred stocks, corporate bonds, mutual funds, U.S. Government and Government Agency securities are determined by quoted market prices. Investments in certificates of deposit are valued at cost plus accrued interest, which approximates fair value.

PROPERTY AND EQUIPMENT - Property and Equipment are carried at cost. Major additions are capitalized while replacements and repairs that do not improve or extend the lives of the respective assets are expensed. Depreciation and amortization expense is computed using the straight line method over the following estimated useful lives of the assets:

| | |
|--|------------|
| Building and improvements..... | 39 years |
| Data processing equipment..... | 5 years |
| Office equipment and capitalized software..... | 3-10 years |
| Furniture and fixtures..... | 10 years |
| Automobiles..... | 5 years |

CANADIAN CURRENCY - The International Union maintains checking and savings accounts in Canada as well as the United States. For financial statement purposes, all assets are expressed in U.S. dollar equivalents.

Canadian currencies included in the consolidated statement of financial position are translated at the exchange rates in effect on the last day of the year. Unrealized increases and decreases due to fluctuations in exchange rates are included in the consolidated statement of activities.

Funds received and disbursed in Canada are stated in U.S. dollars based on average exchange rate in effect during the year when reported in the revenue and expenses included in the consolidated statement of activities.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL PRESENTATION - The International Union's financial statements present its net assets, revenues, expenses, gains and losses, classified between unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor-imposed restrictions.

NOTE 3. TAX STATUS

The International Union is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code, except on any income derived from activities unrelated to its exempt purpose.

Income taxes on net earnings are payable by the Teamsters National Headquarters Building Corporation pursuant to the Internal Revenue Code. All operating costs of the Corporation are fully reimbursed by the International Union resulting in no net income or loss. Accordingly, no provision has been made for federal income taxes.

NOTE 4. TRADE RECEIVABLES

Trade receivables consist of the following at December 31, 2002:

| | |
|--------------------------------------|----------------------|
| Per capita and initiation fees | \$ 12,297,024 |
| Unsecured notes receivable | 802,113 |
| Unsecured loans receivable | 750,000 |
| Affinity program | 554,620 |
| Other | 672,245 |
| | <u>15,076,002</u> |
| Less allowance for doubtful accounts | (750,000) |
| | <u>\$ 14,326,002</u> |

NOTE 5. UNINSURED CASH BALANCES AND INVESTMENT CONCENTRATIONS

The International Union maintains its cash accounts primarily with banks located in Washington, D.C. The total cash balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per bank. The International Union has cash balances on deposit at December 31, 2002 that exceed the balance of FDIC insurance coverage by approximately \$22,500,000.

The International Union also maintains cash at a Canadian financial institution, which is insured up to \$60,000. As of December 31, 2002, the International Union's cash in the Canadian financial institution in excess of insurance coverage totaled approximately \$1,900,000 in Canadian dollars (\$1,300,000 U.S. Dollars).

Investments held by the Hoffa Scholarship Fund include certificates of deposit in the amount of \$1,098,319 that are all invested with the same financial institution.

NOTE 6. GRANTS AND CONTRIBUTIONS RECEIVABLE

Amounts due under grant agreements with the U.S. Government totaled \$324,449 and are due to be received within one year.

NOTE 7. INVESTMENTS

The fair value and cost of investments held by the International Union at December 31, 2002 is summarized below:

| | Fair Value | Cost | Fair Value of Securities on Loan | Net Fair Value of Securities on Hand |
|------------------------------|----------------------|----------------------|----------------------------------|--------------------------------------|
| Common stock | \$ 10,039,788 | \$ 11,488,612 | \$ — | \$ 10,039,788 |
| Preferred stock | 81,439 | 83,614 | — | 81,439 |
| Convertible bonds | 334,906 | 314,744 | — | 334,906 |
| Corporate bonds | 9,248,508 | 9,373,411 | — | 9,248,508 |
| Government agency securities | 6,136,098 | 5,989,409 | (110,577) | 6,025,521 |
| Certificates of deposit | 1,098,319 | 1,098,319 | — | 1,098,319 |
| U.S. Treasury securities | 1,452,641 | 1,437,734 | (1,410,049) | 42,592 |
| | <u>\$ 28,391,699</u> | <u>\$ 29,785,843</u> | <u>\$ (1,520,626)</u> | <u>\$ 26,871,073</u> |

Investment income for the year ended December 31, 2002 consisted of the following:

| | General Fund | Hoffa Scholarship Fund | Benefit Trust | Total |
|---|-----------------------|------------------------|-----------------|-----------------------|
| Interest and dividends | \$ 1,431,702 | \$ 55,443 | \$ 3,970 | \$ 1,491,115 |
| Net realized and unrealized gain(loss) on investments | (2,776,553) | — | — | (2,776,553) |
| Investment expenses | (191,657) | — | — | (191,657) |
| | <u>\$ (1,536,508)</u> | <u>\$ 55,443</u> | <u>\$ 3,970</u> | <u>\$ (1,477,095)</u> |

NOTE 8. INVESTMENTS IN FIRST TRUST NOTES

The International Union provided loans to affiliates for purchase or development of real estate. These loans are secured by the real estate and are carried at their unpaid principal balance of \$3,618,069. No allowance for uncollectible accounts was deemed necessary as of December 31, 2002.

NOTE 9. PROPERTY AND EQUIPMENT

Property and equipment held by the International Union consists of the following as of December 31, 2002:

| | |
|-------------------------------|---------------------|
| Data processing equipment | \$ 10,510,695 |
| Headquarters building | 13,617,852 |
| Equipment | 3,599,777 |
| Furniture and fixtures | 1,120,161 |
| Land - headquarters | 794,117 |
| Leasehold improvements | 30,954 |
| Automobiles | 139,434 |
| Computer software | 2,406,496 |
| | 32,219,486 |
| Less accumulated depreciation | (22,897,471) |
| Net property and equipment | <u>\$ 9,322,015</u> |

Depreciation expense for the year ended December 31, 2002 was \$2,552,029.

NOTE 10. THE TEAMSTER AFFILIATES PENSION PLAN

The Teamster Affiliates Pension Plan (the "Plan") provides defined benefits to eligible officers and employees of the International Union's affiliates. The International Brotherhood of Teamsters reports in accordance with Statement of Financial Accounting Standards No. 87, (SFAS No. 87) "Employer's Accounting for Pensions." Contributions to the Plan are made by the International Union based on the advice of consulting actuaries.

Effective October 31, 1994, the General Executive Board elected to curtail the Plan effective December 31, 1994, thus freezing benefits for most participants at the then accumulated level. Effective January 1, 1995, the Fund was amended to allow the affiliates to contribute on behalf of their employees. For those participants whose local unions continued to contribute, benefits were not frozen until December 31, 2001.

Effective as of January 1, 2002, no additional retirement or other benefit will be accrued under this Plan by any participant of the Plan. Any participation agreement which may have been submitted by an affiliate to, and accepted by, the Trustees of this Plan at any time on or after January 1, 1995 shall be terminated effective as of January 1, 2002 and no contribution shall be accepted by the Trustees from an affiliate on behalf of a participant employed by that affiliate with respect to any period of time beginning on or after January 1, 2002.

No individual who is initially employed by an affiliate on or after January 1, 2002 shall be eligible to become a participant of the Plan. No compensation that is received by a participant of the Plan with respect to any period of time beginning on or after January 1, 2002 shall be considered to be the earnings of that participant for purposes of the Plan. Any periods of credited service and/or vesting service earned by a participant on or after January 1, 2002 shall continue to be used to determine the eligibility of that participant to receive a retirement or other benefit under this Plan but shall not be used to determine the amount of any retirement or other benefit which that participant may otherwise be entitled to receive under this Plan.

In computing net periodic pension costs as of January 1, 2002 to be recognized for the year ended December 31, 2002, the consulting actuary used the following assumptions:

| | |
|---|-------|
| Discount rate..... | 6.75% |
| Average rate of compensation increases..... | N/A |
| Expected return on plan assets | 8.00 |

The information on benefit costs for the year 2002 as determined by the actuary, is as follows:

| | |
|----------------------------------|-----------------|
| Benefit cost | \$ (12,082,030) |
| Employer contributions | — |
| Plan participants' contributions | — |
| Benefits paid | 50,060,288 |

In computing the funded status of the Plan as of December 31, 2002, the consulting actuary used the following assumptions:

| | |
|---|-------|
| Discount rate..... | 6.75% |
| Average rate of compensation increases..... | N/A |
| Expected return on plan assets | 8.00 |

The funded status of the Plan as of December 31, 2002, as determined by the actuary, is as follows:

| | |
|---------------------------|------------------|
| Benefit obligation | \$ (555,915,452) |
| Fair value of plan assets | 496,881,954 |

Funded status \$ (59,033,498)

When the International Union first adopted SFAS No. 87, a net asset was established to the extent fund assets exceeded the projected benefit obligations. The transition asset is amortized over a 15-year period ended December 31, 2002.

NOTE 11. RETIREMENT AND FAMILY PROTECTION PLAN

The International Union is the sponsor of the Retirement and Family Protection Plan (the "Plan"), a defined benefit plan that covers the employees of the International Union and the Teamsters National Headquarters Building Corporation (a wholly owned subsidiary). Substantially all of the employees participate in the Plan. Benefits provided by this Plan are determined based on years of service, level of compensation, and date of employment. The International Union pays the full cost of the Plan and annually determines the amount, if any, to contribute to the Retirement and Family Protection Plan based on the advice of consulting actuaries.

In computing net periodic pension costs as of January 1, 2002 to be recognized for the year ended December 31, 2002, the consulting actuary used the following assumptions:

| | |
|---|-------|
| Discount rate..... | 6.75% |
| Average rate of compensation increases (select an ultimate salary scale of 5%, then to ultimate rate of 5.5%) | 5.50 |
| Expected return on plan assets | 8.00 |

NOTE 11. RETIREMENT AND FAMILY PROTECTION PLAN (Continued)

The information on benefit cost for the year 2002 as determined by the actuary, is as follows:

| | |
|----------------------------------|--------------|
| Benefit cost | \$ 6,047,549 |
| Employer contributions | 3,895,759 |
| Plan participants' contributions | — |
| Benefits paid | 2,743,200 |

In computing the funded status of the Plan as of December 31, 2002, the consulting actuary used the following assumptions:

| | |
|--|-------|
| Discount rate | 6.75% |
| Average rate of compensation increases (select an ultimate salary scale of 5%, then to ultimate rate of 5.5%) | 5.50 |
| Expected return on plan assets | 8.00 |

The funded status of the Plan as of December 31, 2002, as determined by the actuary, is as follows:

| | |
|---------------------------|------------------------|
| Benefit obligation | \$ (62,430,469) |
| Fair value of plan assets | <u>34,834,062</u> |
| Funded status | <u>\$ (27,596,407)</u> |

NOTE 12. TEAMSTERS NATIONAL 401(K) SAVINGS PLAN

In 1996, the International Union entered into a trust agreement to participate in the Teamsters National 401(k) Savings Plan. Beginning in April 1997, employees of the International Union who have completed 30 days of service may contribute to the plan through payroll deductions. Participants may contribute up to 15% of their pretax salaries and an additional 5% of after-tax salaries. The International Union, as a Plan sponsor, does not contribute to the plan and assumes no liability for the Plan's administrative costs.

NOTE 13. RELATED ENTITIES

The International Union has four related entities not included in the consolidation, which are a political and education fund (a separate, segregated fund of the International Union), two defined benefit pension plans, and the 401(k) Savings Plan. These entities, as well as the Benefit Trust which is included in the consolidated financial statements, and amounts due to (from) the International Union at December 31, 2002 are as follows:

| | |
|---|-------------------|
| Committee for Democratic Republican Independent Voter Education owed the International Union | \$ 18,675 |
| Teamster Affiliates Pension Plan | 349,297 |
| Retirement and Family Protection Plan | (207,127) |
| International Brotherhood of Teamsters Benefit Trust | <u>23,754</u> |
| | <u>\$ 184,599</u> |

The International Union absorbs the administrative costs applicable to the operations of these related entities. All but the Committee for Democratic Republican Independent Voter Education (DRIVE) reimburses the International Union for those administrative costs through cost sharing arrangements.

Included in the administrative costs of DRIVE is an accrued tax liability as of December 31, 2002 for political action contributions that were subjected to federal and District of Columbia taxes.

NOTE 14. POSTRETIREMENT BENEFITS

The International Union also provides certain health and life insurance benefits for retired employees meeting the requirements of a normal pension or becoming disabled and receiving a disability pension. Spouses and dependent children of these retirees are also eligible to participate. In addition, certain spouses and dependent children of deceased active employees are eligible to participate in the plan.

In 1992, the International Union adopted Statement of Financial Accounting Standards No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions." Under Statement No. 106, the cost of postretirement benefits other than pensions must be recognized on an accrual basis as employees perform services to earn the benefits. The International Union previously expensed the cost of these benefits as claims were incurred. Based on transition provisions of Statement No. 106, the accumulated postretirement benefit obligation at the date of adoption may be recognized as the cumulative effect of an accounting change in the period of the adoption or may be delayed and amortized over a period of up to 20 years as a component of net periodic postretirement benefit cost. The International Union elected to amortize the initial post-retirement benefit obligation of \$32,188,200 (adjusted for plan amendments) over a period of 20 years.

In computing the net periodic postretirement costs for the year ended December 31, 2002 the consulting actuary used the following assumptions:

| | |
|---|-------|
| Discount rate | 6.75% |
| Medical, dental and vision care cost trend (beginning in 2003 reducing by 1.00% per year to an ultimate rate of 5.00% in 2008) | 10.00 |
| Prescription drug cost trend (beginning in 2003 reducing by 1.00% per year for ten years to an ultimate rate of 5.00% in 2012) | 14.00 |

The net periodic postretirement benefits cost for the plan for the year ended December 31, 2002 as determined by the actuary, is as follows:

| | |
|---|---------------------|
| Service cost | \$ 2,269,934 |
| Interest cost | 3,780,431 |
| Amortization of transition obligation | <u>1,572,257</u> |
| Postretirement healthcare benefits cost | <u>\$ 7,622,622</u> |

In computing the funded status of the Plan as of December 31, 2002 the consulting actuary used the following assumptions:

| | |
|---|-------|
| Assumptions used to value the accumulated postretirement benefit obligations: | |
| Discount rate | 6.75% |
| Medical, dental and vision cost trend (beginning in 2003 reducing by 1.00% per year to an ultimate rate of 5.00% in 2008) | 10.00 |
| Prescription drug cost trend (beginning in 2003 reducing by 1.00% per year for ten years to an ultimate rate of 5.00% in 2012) | 14.00 |

The funded status of the plan as of December 31, 2002 as determined by the actuary, is as follows:

| | |
|--|------------------------|
| Accumulated postretirement benefit obligation | \$ 60,909,646 |
| Plan assets at fair value | <u>—</u> |
| Funded status | <u>\$ (60,909,646)</u> |
| Accrued postretirement healthcare benefits costs | <u>\$ (42,582,098)</u> |

Benefits paid during 2002 were \$2,269,027.

NOTE 15. ACCRUED LEAVE

In compliance with Statement of Financial Accounting Standards (SFAS) No. 43, "Accounting for Compensated Absences," the International Union has established a liability of \$2,135,881 representing accumulated future absences of its employees through the year ended December 31, 2002, which is included under "accounts payable and accrued expenses."

NOTE 16. LOANS PAYABLE

The International Union has various loans outstanding as of December 31, 2002. These loans are interest free and have no regular payment schedule, they are callable on demand.

During the year ended December 31, 2002 loans payable to the AFL-CIO totaling \$2,695,000, including accrued interest, were forgiven.

NOTE 17. COMMITMENTS AND CONTINGENCIES

The International Union is involved in litigation arising in the normal course of operations. Some of the litigation involves matters common to any organization of comparable size, including personnel, employment, contract, and trademark issues. None of this litigation involves any substantial potential liability on the part of the International Union.

Other litigation relates to the International Union's status as a labor organization. Much of this latter litigation is strategic, pursued by employers intent on pressuring the International Union with respect to its conduct as a bargaining representative pursuing better wages, hours and working conditions for the members of the International Union and its affiliates.

None of the other litigation in this category involves any substantial liability on the part of the International Union. It is not possible to predict whether any of the two specific suits will result in any liability on the part of the International Union or, if so, what that liability might be. Accordingly, no provision for any liability that may result upon final adjudication of any pending litigation has been made in the accompanying financial statements.

NOTE 18. AFFINITY PROGRAM

The International Union has entered into a multi-year License Agreement and a List Use Agreement with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) under which the AFL-CIO has obtained rights to use certain intangible property belonging to the International Union, including the right to use the name, logo, trademarks and membership lists of the Union, in exchange for specified royalty payments to be paid to the International Union by the AFL-CIO. In turn, the AFL-CIO has sub-licensed the right to use the International Union's intangible property to Household Bank of Nevada, N.A. (Household) for use by the bank in connection with its marketing of credit card and certain other financial products to members of the International Union.

On February 22, 1999, the terms of the AFL-CIO's License and List Use Agreements with Household were amended to provide for adjustments to the amounts of annual minimum royalty payments payable to the AFL-CIO during program years 3 through 5, annual minimum royalty payments for each subsequent program year, and adjustments to the set annual royalty rates applicable to program years 3 through 12. The AFL-CIO splits the royalty payments it receives with participating unions, including the International Union, based on each participating union's average revolving balances in the credit card program.

Under the original agreements, if cumulative royalty earnings (calculated based on the set annual royalty rates and the average revolving balances of union members enrolled in the program) were less than the cumulative royalty payments or advances received by the AFL-CIO, then that excess amount would be due to Household at the end of the term of the agreements. Similarly, if the advances paid to the International Union by the AFL-CIO exceeded the cumulative earnings attributed to the International Union, then that amount would be due to the AFL-CIO at the end of the term of the agreements.

The amended agreements provide that if such a cumulative "overpayment" remains at the end of program year 12, the AFL-CIO has an option to extend the term of the agreement for three additional one-year periods and receive annual minimum royalty payments in each of those years. If there is still a cumulative "overpayment" at the end of the three-year extension, the AFL-CIO will not be obligated to repay such amount to Household.

The amended agreements also provide that the International Union will be obligated to repay any cumulative overpayment to the AFL-CIO if the agreements are terminated prior to the twelfth year of the contract or if the International Union chooses not to extend the term of the agreements for the additional three years referred to above. Accordingly, revenue is recognized when royalty payments are received.

The International Brotherhood of Teamsters assigned any and all rights and interest it may have related to the License and List Use Agreements with AFL-CIO to the Trustees of the International Brotherhood of Teamsters Benefit Trust.

NOTE 19. LEASES

The International Union leases office equipment, office space, and residential space. Monthly lease and maintenance payments are allocated to program expenses in the statement of activities. Lease obligations under non-cancelable operating leases are as follows:

| | | |
|-------------------------------|----|-------------------------|
| Year ending December 31, 2003 | \$ | 997,278 |
| 2004 | | 340,011 |
| 2005 | | 177,724 |
| 2006 | | 97,272 |
| 2007 | | <u>65,074</u> |
| Total | | 1,677,359 |
| Thereafter | | <u>5,010</u> |
| | \$ | <u><u>1,682,369</u></u> |

NOTE 20. PUBLIC SERVICES ASSISTANCE FUND

The International Union established the Public Employees Assistance Fund to be maintained as part of the International Union's General Fund in 1977 and the Fund was renamed as the Public Services Assistance Fund through action at the 2001 International convention. The International Union allocates one cent of the monthly per capita tax it receives to the Fund. Expenditures from the Fund are made for day-to-day activities of the Public Services Division and for assistance to affiliates for organizing employees.

NOTE 21. SECURITIES LENDING PROGRAM

The Trustees of the International Union have entered into an agreement with the bank that acts as custodian for the International Union's investments which authorizes the bank to lend securities held in the International Union's accounts to third parties.

The International Union receives 70% of the net revenue derived from the securities lending activities, and the bank receives the remainder of the net revenue. Interest reported in the statement of activities includes \$1,986 earned by the International Union during the year ended December 31, 2002 in connection with the securities lending program.

Under this program, the bank must obtain collateral from the borrower in the form of cash, letters of credit issued by an entity other than the borrower, or acceptable securities. Both the collateral and the securities loaned are marked-to-market on a daily basis so that all loaned securities are fully collateralized at all times. In the event that the loaned securities are not returned by the borrower, the bank will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, credit the International Union's accounts with cash equal to the fair value of the loaned securities.

Although the International Union's securities lending activities are collateralized as described above, and although the terms of the securities lending agreement with the custodial bank require the bank to comply with government rules and regulations related to the lending of securities, the securities lending program involves both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral, or that the bank's investment of cash collateral received from the borrowers of the International Union's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts. To date, the International Union has experienced no losses in connection with the securities lending program. At December 31, 2002, the fair value of securities on loan was \$1,520,626.

NOTE 22. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets in the General Fund as of December 31, 2002 result from contributions from local union members, joint councils and other international unions for the purpose of paying benefits to on-strike individuals and contributions for the renovation of the International headquarters building. The net assets are released when these expenses are incurred. Related net assets released from donor restrictions during 2002 were \$765,700. Temporarily restricted net assets at December 31, 2002 consisted of the following:

| | | |
|---------------------------------------|----|-------------------------|
| Restricted for paying strike benefits | \$ | 1,238,957 |
| Restricted for building renovations | | <u>291,000</u> |
| | \$ | <u><u>1,529,957</u></u> |

NOTE 23. ORGANIZING ACTIVITIES

As a result of actions taken at the 2002 Special Convention, ten percent of the annual per capita tax received by the International Union, exclusive of per capita tax received for Canadian members, is allocated for organizing activities.

Organizing activities are as follows:

| | | |
|---------------------------------|----|---------------------------|
| Per capita tax revenue | \$ | 4,915,524 |
| Expenses | | <u>1,956,653</u> |
| Increase in net assets | | 2,958,871 |
| Net assets at beginning of year | | <u>—</u> |
| Net assets at end of year | | <u><u>\$2,958,871</u></u> |

REPORT 74 TO ALL MEMBERS OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

FROM: Independent Review Board

Benjamin R. Civiletti

Joseph E. diGenova

William H. Webster

DATED: September 2, 2003

I. INTRODUCTION

This is the Independent Review Board's ("IRB") Seventy-fourth Report to you on its activities conducted pursuant to the Consent Order. In this Report, we will discuss matters that have currently come before us, including a new Investigative Report, the current status of pending charges about which we have previously informed you, and two matters initiated by the IBT which were reviewed by the IRB.

II. NEW INVESTIGATIVE REPORT

A. THOMAS A. PLINIO - Local 97, Union, New Jersey

On August 26, 2003, the IRB issued an Investigative Report to the Members of Local 97 Executive Board concerning Member Thomas A. Plinio. The Report recommended that Mr. Plinio be charged with bringing reproach upon the IBT by refusing to appear for his scheduled in-person sworn examination. The Executive Board was given 90 days to file the charges, hold a hearing and forward a final written report to the IRB.

III. STATUS OF PREVIOUS IRB CHARGES

A. WILLIAM T. HOGAN, JR., AND DANE PASSO - International Representatives

We have previously informed you that the IRB sent its opinion and decision to Judge Preska in which the IRB found Mr. Hogan and Mr. Passo guilty of bringing reproach upon the IBT by colluding with an employer to cause Local 631 to enter into a substandard contract with the employer and permanently barred each from the IBT. On August 22, 2003, Judge Preska affirmed the IRB decision. The Court Order is printed in this issue of the magazine.

B. ANTHONY RUMORE - Joint Council 16, New York City

We have previously informed you that Joint Council 16 President Anthony Rumore allegedly brought reproach upon the IBT by failing to investigate whether Barry Feinstein, the former President of Local 237 and Joint Council 16, was a prohibited person. Charges were filed against Mr. Rumore and a hearing was held by a hearing panel appointed by Mr. Keegel. The General Executive Board found Mr. Rumore guilty of the charge and ordered that he serve a two-month suspension from all IBT-affiliated union officer or employee positions and provide a letter to all officers of Joint Council 16 and the principal officers of all constituent locals that corrects mistaken information provided in a prior legal opinion letter.

On March 13, 2003, the IRB notified General Secretary-Treasurer Keegel and Mr. Rumore that the decision and the suspension were not inadequate. However, the IRB recommended that Mr. Rumore be required to reimburse Joint Council 16 for the cost of the legal opinion obtained in an attempt to support him personally. Mr. Keegel then notified Mr. Rumore of the General Executive Board's agreement with the IRB's March 13, 2003 letter.

On May 5, 2003, the IRB forwarded an application to the District Court for review of the IRB's decision and on May 7, 2003, Thomas P. Puccio, Esq., counsel for Mr. Rumore, filed his application with the same court to set aside the findings of the IRB. On June 5, 2003, the Government, the IBT and the Chief Investigator all submitted memoranda to Judge Preska on Rumore's objections to IRB Application 105.

C. ROBERT MOORE, ROBERT DELOATCH AND ALBERT OLIN - Local 522, Jamaica, New York

In past issues of the *Teamster* magazine we reported that the IRB issued an Investigative Report to General President Hoffa recommending that Robert Moore, Robert DeLoatch and Albert Olin, who were the Trustees of Local 522 Benefit Funds, be charged with bringing reproach upon the IBT and violating their duties as fiduciaries of the IBT-affiliated Benefit Funds by allowing the Local 522 affiliated Benefit Funds to pay large, unsupported administrative and other expenses to the Local. By their actions each caused the Benefit Funds to pay unreasonable administrative, rent, building and telephone expenses to Local 522 which were not necessary for the establishment or operation of the Benefit Funds. As fiduciaries of the Benefit Funds, Trustees Moore, DeLoatch and Olin were required to ensure that the Benefit Funds paid only reasonable administrative and other expenses.

The IBT filed the charges, an Article XIX hearing panel was appointed, and a hearing was held on April 10, 2003. In reaching its decision, the hearing panel discounted Mr. Moore's defense that he relied on accountant's advice because, as the IRB Report noted, the accountant was acting for both the Benefit Funds and the Local which had adverse interests.

By decision of July 24, 2003, General President Hoffa adopted the hearing panel's decision and suspended Messrs. Moore, DeLoatch and Olin from IBT membership and employment for three years and barred each from holding office with Local 522 or any other IBT-affiliated entity for five years. On August 26, 2003, the IRB notified Mr. Hoffa that the decision was not inadequate.

D. LOCAL 901 - San Juan, Puerto Rico

In past issues of the *Teamster* magazine we informed you that over a number of years Local 901 allegedly engaged in a pattern of conduct in violation of the IBT Constitution and which prevented the members from obtaining information and exercising their rights. The Local allegedly made unauthorized and questionable expenditures of Local funds, had inadequate financial controls, and never operated under approved Bylaws. Further, the Local's Executive

Board allegedly engaged in a pattern of approving expenditures for Board members' benefit which Local members did not approve as required in the absence of effective Bylaws.

In response to the IRB's report, Mr. Szymanski informed the IRB that newly elected officers are in place, former FBI Agent Angelo Class is in the process of completing his investigation of issues identified in our report, and the members voted to approve the Local Union Bylaws.

IV. OTHER MATTERS

The IRB has been following IBT actions on two cases, as detailed below, which were initiated by the IBT as part of its self monitoring activity.

A. RICHARD A. LYTER

In March 2001 the IBT notified the IRB that the audit firm reviewing expense reports noted apparently erroneous information which was used to support the expenses of Richard A. Lyter, then Executive Assistant to IBT General Secretary-Treasurer Keegel. Mr. Lyter informed the auditors, upon their inquiry, that some expenses were not based on fact and were untrue. Mr. Lyter was suspended without pay, made restitution of erroneous amounts already uncovered, and resigned from the IBT and Local 120. No charges were filed against him.

After waiting some time and obtaining additional information, the IRB notified IBT General Counsel Szymanski that Mr. Lyter was performing services for IBT entities which appeared to be inappropriate for him to be performing. The IRB noted that had he been charged and either entered into an agreement or was found to have embezzled after a contested hearing, he would have been, at a minimum, suspended and barred from providing compensated services to IBT entities for a period of time.

After the IRB issued a follow up letter to Mr. Szymanski on October 23, 2002, the IRB received a copy of IBT's letter to Thomas P. Puccio, Esq., counsel for Mr. Lyter, notifying him that the IBT was prepared to file internal union charges against Mr. Lyter unless Mr. Lyter agreed to reimburse an additional \$14,448.29 and execute a settlement agreement.

On January 21, 2003, the IBT notified Mr. Lyter that charges had been filed against him. After postponement of a hearing, the hearing was rescheduled for May 22, 2003. Before a hearing was conducted, Mr. Lyter signed an agreement to permanently resign his IBT membership and never to apply for membership in any IBT-affiliated local union or subordinate body and never to hold any position, any other employment, office position or consulting or similar relationship, whether paid or unpaid, with the IBT or any IBT entity.

B. DONATO DESANTI

On January 9, 2003, IBT General Counsel Szymanski informed the IRB that charges had been drafted against International Vice President Donato (Dan) DeSanti and absent agreement to a previously tendered settlement agreement would be filed soon. On January 22, 2003, Mr. Szymanski provided the IRB with a copy of IBT's

charges filed the previous day against Mr. DeSanti.

The IBT notified Mr. DeSanti on March 21, 2003, that a hearing panel had been appointed to hold a hearing on the charges on April 29, 2003. On April 18, 2003, the hearing panel granted Mr. DeSanti's request for a postponement of the hearing and on May 5, 2003, rescheduled the hearing for June 12 and 13, 2003.

On June 24, 2003, Mr. Szymanski forwarded to the IRB a copy of the agreement executed by Mr. DeSanti resolving the charges that were filed against him and an explanation of the reasoning that led the IBT to resolve the charges. After its review of the terms of the agreement, by letter of July 24, 2003, to Mr. Szymanski, the IRB cautioned that the settlement allows Mr. DeSanti to continue to interact with IBT officers and members even after the IBT had initiated organized crime charges not referred by the IRB.

On August 7, 2003, Mr. Szymanski forwarded an executed original of the DeSanti agreement to the IRB. On August 8, 2003, Mr. Szymanski, responding to the IRB's July 24, 2003, letter of caution relating to the continuing social contact provision of the agreement, attached TITAN messages to members of the General Executive Board and all IBT affiliates stating that Mr. DeSanti resigned his membership and all union positions without prohibition from contact and association with IBT officers, members, employees, representatives and agents only with respect to matters that do not involve union business.

V. TOLL-FREE HOTLINE

Since our last report to you, the hotline has received approximately 95 calls reporting alleged improprieties. As in the past, all calls which appeared to fall within IRB jurisdiction were referred for investigation. Activities which should be reported for investigation include, but are not limited to, association with organized crime, corruption, racketeering, embezzlement, extortion, assault, or failure to investigate any of these.

Please continue to use the toll-free hotline to report improprieties which fall within IRB jurisdiction by calling 1-800-CALL-IRB (1-800-225-5472). If you are calling from within Washington, D.C., dial 434-8085. The IRB facsimile number is 202-434-8084.

VI. CONCLUSION

As always, our task is to insure that the goals of the Consent Order are fulfilled. In doing so, it is our desire to keep the IBT membership fully informed about our activities. If you have any information concerning allegations of wrongdoing or corruption, you may call the toll-free hotline noted above or you may write to either the IRB Chief Investigator or the IRB office:

Charles M. Carberry, Chief Investigator
17 Battery Place, Suite 331
New York, NY 10004
Independent Review Board
444 North Capitol Street, NW
Suite 528
Washington, DC 20001

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
88 CIV. 4486 (LAP)
MEMORANDUM AND ORDER

UNITED STATES OF AMERICA,
Plaintiff,
—against—
INTERNATIONAL BROTHERHOOD OF TEAMSTERS
APPLICATION 102: William T. Hogan, Jr.
and Dane M. Passo,
Defendant.

LORETTA A. PRESKA, United States District Judge:

I. BACKGROUND

Before the Court is Application 102 of the Independent Review Board (“IRB”) of the International Brotherhood of Teamsters (“IBT”) to affirm the disciplinary action taken against IBT members William T. Hogan, Jr. (“Hogan”) and Dane M. Passo (“Passo”).

Hogan and Passo were charged with bringing reproach upon the IBT and violating the IBT Constitution by colluding with a non-union employer to enter into a substandard contract with IBT Local 631, to the detriment of IBT members. The IRB conducted a hearing on the charges on October 18 and 19, 2001. By decision dated May 29, 2002 (the “IRB Decision”), the IRB concluded that the charges were established and permanently expelled Hogan and Passo from the IBT.

Hogan and Passo filed lengthy objections to the IRB Decision, the Chief Investigator filed a Memorandum of Law in Support of Application 102, and Hogan filed a reply.

A. Hogan and Passo

Hogan and Passo held high-level positions with the IBT during the time period covered by the instant charges. Prior to his expulsion, Hogan had been a member of the IBT for some 40 years, Objection of William T. Hogan, Jr. to Application 102 of the IRB (“Hogan Br.”) at 33, and had served as an IBT International Representative, President of IBT Joint Council 25, and Director of Organizing and Political Director of IBT Local 714, Vice President of IBT Local 179; he was a member of IBT Local 714 in Chicago, IRB Decision at 3; IRB Investigative Report (“IRB Rep.”) Ex. 14, at 3-5; IRB Hearing Transcript (“Tr.”) at 279-80. Hogan was appointed an IBT International Representative by IBT General President James P. Hoffa (“Hoffa”). *Id.* at 14. Hogan was appointed to his position with Local 714 by his son, Robert Hogan, the

current Secretary-Treasurer and principal officer of Local 714. *Id.* at 5.¹

Hogan has extensive experience in the convention and trade show industries, both in Chicago and around the country. IRB Decision at 3. Hogan dealt for decades with conventions and trade shows at McCormack Place, the major convention center in Chicago, and was involved with the Chicago Convention and Tourism Bureau. Tr. 280-84. Nevertheless, General President Hoffa never appointed Hogan to any International position concerning that industry and never appointed him to any position that would give him any authority or assignment with respect to Local 631 in Las Vegas. IRB Rep. Ex. 78 at 35.²

Prior to his expulsion, Passo had been a member of the IBT since 1971. IRB Rep. Ex. 20 at 4. In January, 1999, following General President Hoffa’s election to office, Passo was hired to serve on the General President’s staff as a member of the transition team. IRB Rep. Ex. 11 at 3. On March 23, 1999, General President Hoffa appointed Passo to serve as an International Representative. IRB Rep. Ex. 11 at 8. On April 13, 1999, General President Hoffa appointed Passo to serve as the Special Assistant to the General President. IRB Rep. Ex. 11 at 10. No other person held that same title at the IBT. IRB Rep. Ex. 78 at 13.³ On November 5, 1999, General President Hoffa appointed Passo as his Personal Representative to Teamsters Local 631. IRB Rep. Ex. 10. Before his involvement with Local 631, Passo had never negotiated a contract on behalf of the IBT and he had no experience in the convention industry. IRB Decision at 2; Tr. at 455, 505.

B. Rick Simon and United

United Services Companies (“United”) was founded in Chicago forty years ago by Ben Stein (“Stein”). IRB Deci-

1 From 1990 until 1996, Hogan had served as Secretary-Treasurer and principal officer of Local 714. IRB Rep. Ex. 16 at 8. Hogan was appointed to that position by his father, William Hogan, Sr. *Id.* When William Hogan, Sr. retired, William Hogan, Jr. appointed his brother, James M. Hogan, as President of Local 714. *Id.* In 1996, the IRB recommended that the IBT place Local 714 in trusteeship because it found that the Local was not being run for the benefit of its members but “for the benefit of its principal officer, William Hogan, Jr., President James M. Hogan, Recording Secretary Robert Hogan and their family and friends.” *Id.* at 1.

2 Hogan had served as Director of the IBT’s Trade Show and Convention Centers Division under former IBT General President Jackie Presser. IRB Rep. Ex. 15 at 14-15; Tr. at 288. Although Hogan asked General President Hoffa to appoint him to that same position following Hoffa’s election as General President (IRB Rep. Ex. 15 at 15; Ex. 78 at 19), Hoffa declined and has not appointed anyone to serve in that position. IRB Rep. Ex. 78 at 18. In a conversation recorded by Local 631 Business Agent Roberta Whitfield, Passo explained that the position remains vacant at the IBT “[b]ecause all the heat with the FBI, the Justice Department and the Second Circuit Courts in New York, [and] with the IRB, is [in] the conventions and the movie division.” IRB Rep. Ex. 218 at 10.

3 Passo’s title of Special Assistant to the General President was removed in October, 2000, following complaints from IBT Vice Presidents about his job performance in connection with Local 631. IRB Decision at 2; IRB Rep. Ex. 20 at 24-25; Ex. 78 at 13.

sion at 4; IRB Rep. Ex. 28. For decades, United has supplied convention services, including janitorial and maintenance services, to the McCormack Place convention center in Chicago and to convention centers in other major cities. IRB Rep. Ex. 27. Stein was convicted in 1966 of labor racketeering and bribery in connection with United's services at McCormack Place. IRB Decision at 4; IRB Rep. Ex. 28. Specifically, Stein made payoffs to IBT officials in Chicago to allow his non-union employees to work at McCormack Place. *Id.* Although his conviction was overturned on appeal, Stein subsequently pled guilty to bribing Teamster officials and was sentenced to a year in prison. *Id.* Stein also associated with organized crime figures in Chicago, including La Cosa Nostra ("LCN") member Dominic Senese ("Senese"), the former President of IBT Local 703 in Chicago. IRB Exs. 28-31. Senese was expelled from the IBT in 1990 for being a member of organized crime and for knowingly associating with other LCN members in Chicago. IRB Rep. Ex. 29. *See United States v. IBT ("Senese")*, 941 F.2d 1292 (2d Cir. 1991).

Stein's companies are managed today by United chairman Rick Simon ("Simon"), who had worked closely with Stein and has been with Stein's companies for thirty years. IRB Decision at 4; IRB Ex. 28. In 1988, the FBI interviewed Simon about the mob-related shooting that year of Senese. IRB Rep. Ex. 30. In that interview, Simon acknowledged that "he had known Dominic Senese and his family for so long he could not remember how long." IRB Rep. Ex. 30 at 1. Currently, United has ties to both the Stein and Hogan families. Stein's daughter, Carol Stein, now owns United. IRB Decision at 4. Hogan's brother, Michael Hogan, is an officer of United.⁴ IRB Decision at 5. Michael Hogan was also the CEO of Show Biz USA, a trade show contractor in Las Vegas. IRB Decision at 5. Michael Hogan had been chief steward at IBT Local 714 in the trade show division in the 1970s. IRB Decision at 5; IRB Rep. Ex. 175 at 128.

Hogan has known Simon for ten to fifteen years. IRB Rep. Ex. 15 at 30. Hogan also knew Stein and his daughter Carol from their involvement with the Chicago convention and tourism industries. *Id.* at 59.⁵

⁴ Michael Hogan's son, Michael Hogan Jr., has also worked for United in Chicago. IRB Rep. Ex. 173 at 19-22.

⁵ Hogan challenges the IRB's reliance on hearsay evidence in the record establishing Stein and United's long history of involvement with organized crime in Chicago. Hogan Br. at 20 n.12. It is well established, however, that reliable hearsay is admissible in IRB disciplinary proceedings. *See, e.g., United States v. IBT ("Senese & Talerico")*, 941 F.2d 1292, 1297-98 (2d Cir. 1991). Here, the newspaper articles concerning Stein are detailed and corroborate one another. Moreover, Simon's relationship with Senese is corroborated by an FBI report, which is also in the record. IRB Rep. Ex. 30. Hogan has not disputed Stein's criminal conviction for labor racketeering, which is a matter of public record. Nor did Hogan offer any evidence, such as the testimony of his friend Simon, to contradict the Chief Investigator's evidence on these issues. Finally, while Hogan states that there is "no evidence" in the IRB's Decision that "that Hogan knew or ever even met Stein", Hogan Br. at 20, Hogan in fact admitted at his deposition that he knew and had met Stein; indeed, he admitted he knew that Stein had owned United, and that he had contact with Stein in connection with the Convention Bureau in Chicago. IRB Rep. Ex. 15 at 59.

C. Local 631

Local 631 is an IBT local union in Las Vegas, Nevada, with approximately 4,500 members. IRB Decision at 6; Tr. at 403. Local 631 had a collective bargaining agreement with trade show contractors in Las Vegas, including Greyhound Exposition Services ("GES") and Freeman Decorating ("Freeman"). IRB Decision at 6. Pursuant to this contract (referred to as the "Red Book contract"), these trade show contractors were required to call upon Local 631 when they needed workers. *Id.* Local 631 responded to such calls by dispatching workers to the contractors through its dispatch office in accordance with dispatch lists. *Id.* The list was open to both IBT members, who paid dues to Local 631, and to non-IBT members, who paid Local 631 a dispatch fee. *Id.* When Local 631's dispatch office ran out of registered workers to send to a contractor, Local 631 would contact other IBT local unions in Las Vegas for additional available workers to send; and when those other IBT locals were exhausted as a source of workers to respond to a call, Local 631 would contact other Las Vegas unions, such as the Carpenters and Electricians, for any members of those unions who needed work. IRB Decision at 8.⁶ All workers, including those from other IBT locals and other unions, who were dispatched through Local 631 were entitled to the wages and benefits of the Red Book contract. IRB Decision at 9. Under the Red Book contract, wages and benefits depended upon the number of hours worked in the industry and the time of day worked. During the relevant time period, IBT members (and other workers dispatched through Local 631) were paid hourly wages ranging from \$12.40 per hour to \$20.53 per hour. *Id.* at 7.

United served as a labor broker in Las Vegas and could supply non-union workers to trade show contractors at cheaper rates than the wages required by the IBT under the Red Book contract. Unfortunately for the contractors, the Red Book contract allowed them to avoid paying the relatively higher IBT wages and benefits only when Local 631's dispatch lists were exhausted. If the dispatch lists were not exhausted and the contractor nevertheless used United workers (or other workers who were not dispatched by Local 631), the contractor would be in violation of the contract and the IBT would have the right to file a grievance and seek compensation from the contractor. IRB Decision at 30, 36.⁷ While

⁶ Passo, who had no experience in the convention and trade show industries and no prior experience with Local 631, actively opposed Local 631's long-standing practice of contacting other labor unions for additional workers to dispatch to the contractors when the local ran out of IBT members to send. *See, e.g., Tr.* at 63-64. Of course, without those additional union workers to dispatch, Local 631 would exhaust its dispatch list earlier, making it more likely that Local 631 could not meet the call. When Local 631 could not meet the call, the contractors were permitted to use United's non-union workers, *id.*, a result obviously to the detriment of IBT members.

⁷ In fact, GES violated the Red Book contract during a major Las Vegas trade show in 2000 by using United workers to perform Teamster work. IBT members complained loudly and in great numbers to the local. In response, Local 631 filed grievances against GES. IRB Decision at 30, 36, 39.

trade show contractors like GES and Freeman had an economic interest in avoiding payment of the Red Book wages and using United's cheaper, non-union labor instead, the Red Book contract provided that any worker who performed Teamster bargaining unit work must be paid the contract wages, even if not dispatched through Local 631. IRB Decision at 9; Tr. at 64-65. Accordingly, for United (including Simon and Michael Hogan) to profit by providing its non-union labor to contractors (at rates substantially lower than those paid to IBT members under the Red Book contract), United needed a separate agreement with the IBT that would allow United workers to perform Teamster bargaining unit work at wages other than those provided under the Red Book agreement.

II. HOGAN AND PASSO COLLUDE TO HAVE LOCAL 631 ENTER INTO A CONTRACT WITH UNITED

Simon had attempted to enter into an agreement with Local 631 that would allow United to supply its non-union labor to trade show contractors whenever Local 631's dispatch list was exhausted. IRB Decision at 10. Simon approached the leadership of Local 631 about his proposal prior to the 1998 local union election, but that administration had rejected the proposal. *Id.* In 1998, IBT member Tim Murphy ("Murphy") was elected Secretary-Treasurer and principal officer of Local 631. *Id.* Murphy hired David Breyman ("Breyman") as a dispatcher. *Id.*

A. Murphy Rejects Simon's Proposal

The following year, Michael Hogan of United approached his brother, William Hogan, and requested an introduction to the new leaders of Local 631. IRB Decision at 5, 10; Tr. at 306-08. Hogan agreed and made the introductions. IRB Decision at 5, 10; Tr. at 136. In June or July 1999, Murphy and Breyman met with Simon and Michael Hogan at a restaurant in Las Vegas. *Id.* At that meeting, Simon and Michael Hogan proposed that Local 631 enter into an agreement with United under which United would supply its non-union workers to trade show contractors after Local 631 had exhausted its dispatch list. IRB Decision at 11. Simon proposed that the workers would be dispatched directly by United, not through Local 631. IBT Decision at 11-12. According to Murphy, Simon also said that he would pay the local and Murphy himself a "service fee" amounting to seven or eight dollars for each worker dispatched by United. Tr. at 137. In contrast, other non-union workers who were dispatched through Local 631 paid the Local 631 a dispatch fee of \$40. IRB Decision at 12. Both Murphy and Breyman rejected Simon's proposal. Tr. 137, 388. In fact, Murphy considered the proposal "possibly ille-

gal." Tr. at 137.⁸ Either Michael Hogan or Simon told William Hogan that Murphy and Breyman had rejected United's proposal. IRB Decision at 12; Tr. 309.

B. Murphy is Fired and Replaced with Wilkerson and Frates

In 1999, Passo informed General President Hoffa about complaints that he had begun receiving from members of Local 631. IRB Rep. Ex. 113. Some of those complaints had been solicited from Local 631 members by IBT member Vito Locasio ("Locasio"). Locasio was a convicted felon, a former member of Hogan's local in Chicago, and a close confidant of Passo. IRB Decision at 13.⁹ At Passo's urging, General President Hoffa appointed Passo as his Personal Representative to Local 631 in November, 1999. IRB Decision at 13; IRB Rep. Ex. 20 at 13-14; Ex. 21 at 259-60. On March 1, 2000, Hogan, Passo, and other IBT officials confronted Murphy and demanded certain personnel changes at the local. IRB Decision at 15. At the time, Hogan had no IBT responsibilities in Las Vegas and no official role with respect to Local 631. At the IRB hearing, Hogan acknowledged that he had "no official position there" but explained that he was "there just joining in with the guys. . . . I just went along with friends of mine." Tr. at 317. That same day, Hogan and Passo met for lunch in Las Vegas and discussed Local 631. IRB Rep. Ex. 20 at 127. Thereafter, Passo expressed to the International Union his view that Local 631 should be placed into trusteeship. *Id.* at 137.¹⁰

On April 5, 2000, General President Hoffa placed Local 631 in trusteeship. IRB Decision at 15. Between the March 1 meeting with Murphy (at which Hogan had no official role) and the April 5 trusteeship, records show at least 32 telephone calls between Passo and Hogan. IRB Decision at 15. On the day Passo and others effected the trusteeship at the local, Passo and Hogan spoke to each other at least seven times. IRB Decision at 16. When the

8 Breyman denied hearing Simon offer Murphy a kickback. Tr. at 390. The IRB made no finding of whether Simon offered to pay Murphy for agreeing to his proposal. The IRB did observe, however, that "[t]he arrangement Passo, Hogan and Simon proposed to Local 631 was similar to those Stein had reportedly been involved with in the past where his employees were paid wages below a prevailing contract." IRB Decision at 4 n.7. The IRB also noted that in September 2000, United donated \$5,100 to the James R. Hoffa Memorial Scholarship Fund golf outing in Las Vegas, which paid for the tickets of Simon, Hogan's son, James Hogan, and others. IRB Decision at 30. Stein, of course, was ultimately convicted and sent to prison for making illegal payments to IBT officials in connection with United. *Id.*

9 Locasio's criminal history includes convictions for stealing a truckload of television sets, burglary, and uttering a forged instrument. IRB Rep. Ex. 147 at 13-15. Passo nevertheless actively assisted Locasio in his efforts to run for union office at Local 631 and secured employment for him with the local. *See* IRB Decision at 41. Passo also caused the IBT to pay for at least 87 meals at which Locasio was present, including 28 meals at which only Passo and Locasio were present. *Id.* at n.46.

10 A trusteeship at Local 631 had previously been recommended to General President Hoffa by IBT Vice President James Santangelo, who had also been appointed as a Personal Representative to Local 631. IRB Rep. Ex. 3.

IBT put Local 631 into trusteeship, Murphy and Breyman (who had opposed the proposed arrangement with Simon) were fired. IRB Decision at 16.

General President Hoffa thereafter appointed James Wilkerson (“Wilkerson”) to serve as trustee of Local 631, IRB Decision at 15, and Marty Frates (“Frates”) as Assistant Trustee, *Id.* During the trusteeship, Wilkerson acted in the capacity of principal officer of the local, with authority to enter into agreements on behalf of the local. *See* IRB Decision at 19 n.31.

C. Wilkerson and Frates Reject Simon’s Proposal

After the local was placed in trusteeship by the International Union, Hogan renewed his efforts to assist Simon in securing an agreement with Local 631, by, *inter alia*, introducing Simon to Passo in the summer of 2000. IRB Decision at 18; IRB Rep. Ex. 20 at 64; Tr. at 322, 444-45. Thereafter, Simon and Passo engaged in extensive discussions towards a contract between United and Local 631. IRB Decision at 18-19. However, Hogan never introduced Simon to Trustee Wilkerson, the official at Local 631 with authority to reach an agreement with United. IRB Decision at 18, 19 n.31. In fact, no Local 631 officials participated in any of the direct discussions between Passo and Simon. IRB Decision at 19. Rather, Simon requested concessions from the Red Book contract from Passo, and Passo, in turn, pressed Local 631 to agree to the terms proposed by Simon. IRB Decision at 19.¹¹

Trustee Wilkerson and Assistant Trustee Frates both opposed Passo’s proposal to contract with Simon. IRB Decision at 19; Tr. at 66; Ex. 82 at 54. Even a representative of Freeman, an employer, told Passo and Hogan that an agreement between Local 631 and United that allowed United workers to be paid less than IBT members were being paid under the governing Red Book contract would undermine the local’s bargaining position with Freeman given that the existing contract with Freeman was up for renegotiation in 2001. IRB Decision at 27. As Assistant Trustee Frates put it, “it would have been asinine to go in and negotiate something less [with United] right before negotiations” with the trade show contractors. IRB Decision at 22; IRB Rep. Ex. 82 at 55.

D. Wilkerson and Frates are Fired

In an attempt to persuade Wilkerson to support the contract proposal, Passo falsely told Wilkerson that James Santangelo, an IBT Vice President, and Carlow Scalf, Executive Assistant to General President Hoffa, both wanted him to sign the contract. IRB Decision at 19, 24; Tr. at 65. In an attempt to persuade Frates to support the

proposal, Simon similarly told Frates that Santangelo and Scalf supported the proposal. IRB Decision at 35; IRB Rep. Ex. 82 at 56-57, 63. Passo also attempted to persuade Local 631 Business Agent Roberta Whitfield to agree to Simon’s proposal, suggesting that he could get Whitfield an appointed position with the International Union. IRB Decision at 41; IRB Rep. Ex. 218 at 10. But Whitfield too opposed the proposal. IRB Decision at 21; Tr. at 184. Passo also requested that Local 631 attorney Joe Kaplon persuade Wilkerson that the proposed contract with United was acceptable. IRB Decision at 23. But Kaplon too sided with Wilkerson. *Id.*

Thereafter, Passo caused the IBT to fire both Wilkerson and Frates. IRB Decision at 19; IRB Ex. 78 at 57, 61; Ex. 12 at 84-87. Throughout this period, Passo and Hogan continued to consult extensively. IRB Decision at 25-34.¹²

E. Wilkerson is Replaced with Jacobson; Hogan Seeks to Negotiate the New Trade Show Contract

On November 6, 2000, the IBT replaced Wilkerson with a new trustee for Local 631, Ed Jacobson (“Jacobson”). IRB Decision at 47, 50. During the next few months, United employees repeatedly performed Teamster work on GES trade shows, causing Local 631 business agents and stewards to file repeated grievances with GES for violating the existing contract. IRB Decision at 50-52. In January, 2001, GES representatives from Las Vegas met with Hogan in Chicago and complained about the number of grievances being filed by Local 631. IRB Decision at 54. The GES representatives also discussed with Hogan the upcoming negotiations for a new Las Vegas convention contract, since the existing contract was scheduled to expire May 31, 2001. IRB Decision at 54-55. During these discussions with GES, Hogan still had no officially sanctioned role in Las Vegas or in connection with Local 631. *Id.* at 54.

Since the IBT had barred Passo from further dealings with Simon, *see* note 12, *supra*, the only way for United to supply (and for contractors to permissibly hire) United’s non-union workers at United’s lower wages was for Local 631 to enter into a new contract with the trade show contractors that would expressly permit the contractors to hire non-Teamsters to perform Teamster work at less than Teamster wages. IRB Decision at 55. To that end, in March 2001, following his meeting with GES representatives, Hogan requested that General President Hoffa appoint him to negotiate the new agreements with GES and the other Las Vegas contractors. *Id.* Hogan also asked Scalf to let him negotiate Local 631’s new contract with

¹¹ In fact, when Passo ultimately submitted to the International Union the changes to the Red Book contract he was proposing for the contract with United, the proposed terms Passo submitted were written in Simon’s handwriting. Tr. at 495-96.

¹² Before Wilkerson was terminated as trustee, Wilkerson had complained to IBT Vice President Santangelo about Passo’s proposed arrangement with Simon, and Santangelo requested that the IBT investigate Simon’s background. On September 12, 2000, based on the information about Simon discovered as a result of that investigation, the IBT instructed Passo to stop all dealings with Simon. IRB Decision at 43-44.

the trade show contractors. *Id.* During these discussions with Hoffa and Scalf, Hogan never disclosed to either Hoffa or Scalf that he had met with GES representatives in Chicago nor did he ever disclose that his brother Michael held positions with United and with Show Biz USA, the Las Vegas trade show contractor. *Id.* at 55-56. Both Hoffa and Scalf refused to let Hogan negotiate with the contractors. *Id.*

PROCEDURAL HISTORY

I. The IRB Charges

On May 23, 2001, the IRB recommended that the IBT file charges against Hogan and Passo for colluding with Simon to enter into a substandard contract and to have United employees perform Teamster work in the Las Vegas trade show and convention industries for less pay and benefit fund contributions than the existing collective bargaining agreement required. On May 25, 2001, IBT General Secretary-Treasurer C. Thomas Keegel adopted and filed the IRB's proposed charges and advised the IRB that the IBT would appoint a union panel to hear the charges.¹³ On July 26, 2001, Mr. Keegel advised the IRB that the IBT's General Executive Board ("GEB") had voted to refer the charges back to the IRB for adjudication.¹⁴ In accordance with its Rules, the IRB scheduled a hearing on the charges.

II. Passo and Hogan's 2001 Action

On October 9, 2001, shortly before the IRB's hearing was scheduled to commence, Hogan and Passo sued the IRB members in this Court and sought an emergency order restraining the IRB from proceeding with its hearing. Hogan and Passo claimed, among other things, that the charges exceeded the IRB's jurisdiction and violated their rights to free speech. On October 11, 2001, this Court denied Hogan and Passo's application for a TRO.

First, Hogan and Passo's challenge to the IRB's jurisdiction, was rejected:

It has long been determined that the jurisdiction of the IRB is not confined to the very limited phrases of the Consent Decree which plaintiff's counsel have relied on. Rather, the IRB has been held time and again to have the general president's authority to construe the IBT constitution to determine what does and does not bring reproach upon the IBT.

Transcript of Proceedings, *United States v. IBT*, 88 Civ. 4486 (S.D.N.Y. Oct. 11, 2001), at 2. Hogan and Passo's

¹³ General President Hoffa (who appointed Passo and Hogan as International Representatives; appointed Passo as his Special Assistant and as his Personal Representative to Local 631; put Local 631 into trusteeship; fired Trustee Wilkerson; and personally met for lunch with Simon, Hogan, and Passo) recused himself from consideration of these charges.

¹⁴ General President Hoffa also recused himself from the GEB vote on whether to refer the charges back to the IRB for adjudication.

argument that the charges interfered with their free speech rights under the First Amendment and the Labor-Management Reporting and Disclosure Act of 1959 ("LMRDA") was also rejected. With respect to the constitutional claims, the Court observed that "it has been held many times that the IRB is not a state actor." *Id.* The Court also held that "[p]laintiffs' First Amendment rights do not extend to advocating collusive contracts with entities with a history of organized crime contacts and racketeering." *Id.* at 3. Following denial of emergency relief, Hogan and Passo voluntarily dismissed their 2001 action.

III. The IRB Hearing

On October 17 and 18, 2002, the IRB held its hearing in Las Vegas, Nevada, on the charges against Hogan and Passo. The transcript reflects that Hogan and Passo were represented by counsel at the hearing and were provided an opportunity to respond to the charges and cross-examine the witnesses who testified against them. In all, seven witnesses (including Hogan and Passo) testified at the hearing. Hogan did not call as a witness either his brother, Michael, or his long-standing business friend, Simon. The IRB also admitted into evidence over 300 exhibits, including the sworn depositions of Hoffa, Scalf, Hogan, Passo, Murphy, Breyman, Wilkerson, Frates, Whitfield, and Jacobson. The documentary evidence also included a transcript of a recorded conversation between Simon and Whitfield and the telephone records showing the timing and length of the extensive telephone conversations between Passo, Hogan, and Simon.

IV. THE IRB'S DECISION

On May 29, 2002, the IRB issued a 79-page decision, finding that the charges had been established. The IRB unanimously concluded that Hogan and Passo brought reproach upon the union and violated the IBT Constitution "by colluding with Simon in an attempt to allow him to avoid a Teamster governing contract to the detriment of Local 631 members." IRB Decision at 57. The IRB, which had the opportunity to observe the demeanor of Passo and Hogan when they testified, specifically found their testimony, including their explanations for wanting Local 631 to contract with Simon, to be incredible. IRB Decision at 71-74. With respect to Hogan's intent to benefit his brother, the IRB specifically cited Hogan's own deposition testimony, in which he testified: "I don't know what's wrong with helping my family, but apparently somebody has got a problem with that." IRB Decision at 73 n.78. With respect to Passo's relationship with Hogan, the IRB specifically found Passo's testimony incredible when he denied even knowing that his close friend's brother was involved with United. *Id.* at 77-78.

As a sanction for their collusive scheme to benefit Simon and Michael Hogan to the detriment of IBT members, the IRB permanently expelled Hogan and Passo from the IBT.

DISCUSSION

I. Standard of Review

The standards governing review of IRB disciplinary decisions are well established. This Court reviews determinations made by the IRB under an “extremely deferential standard of review.” *United States v. IBT* (“*Carey & Hamilton*”), 247 F.3d 370, 379 (2d Cir. 2001); *United States v. IBT* (“*Simpson*”), 120 F.3d 341, 346 (2d Cir. 1997); *United States v. IBT* (“*DiGirlando*”), 19 F.3d 816, 819-20 (2d Cir. 1994). The IRB Rules, which were approved by this Court and the Court of Appeals, provide for review of decisions of the IRB under “the standard of review applicable to review of final federal agency action under the Administrative Procedure Act.” IRB Rules ¶ O. See *United States v. IBT* (“*IRB Rules*”), 803 F. Supp. 761 (S.D.N.Y. 1992), *aff’d as modified*, 998 F.2d 1101 (2d Cir. 1993).

In accordance with that standard, this Court reviews “the IRB’s findings of fact for ‘substantial evidence’ on the whole record.” *United States v. IBT* (“*Giacumbo*”), 170 F.3d 136, 143 (2d Cir. 1999). “The substantial evidence test is deferential.” *Id.* “Substantial evidence is ‘something less than the weight of the evidence,’ *DiGirlando*, 19 F.3d at 820, but something ‘more than a mere scintilla.’” *Simpson*, 120 F.3d at 346 (quoting *United States v. IBT* (“*Cimino*”), 964 F.2d 1308, 1311-12 (2d Cir. 1992)). “Substantial evidence includes such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.” *Simpson*, 120 F.3d at 346 (internal quotations omitted). Moreover, the mere possibility of drawing two inconsistent conclusions from the evidence does not prevent the IRB’s finding from being supported by substantial evidence. *Carey & Hamilton*, 247 F.3d at 380 (citations omitted). Because the IRB conducts the disciplinary hearings, it is best equipped to evaluate the demeanor, credibility and, ultimately, the culpability of those who appear before it. *Carey & Hamilton*, 247 F.3d at 380; *accord United States v. IBT* (“*Carey Disqualification*”), 156 F.3d 354, 365 (2d Cir. 1998); *Cimino*, 964 F.2d at 1313 (refusing to re-weigh evidence or question credibility determination made by Independent Administrator). Accordingly, the inferences drawn by the IRB from the facts are “discretionary and can only be disturbed if they are ‘arbitrary and capricious.’” *Giacumbo*, 170 F.3d at 143.

II. Hogan and Passo’s Challenge to the IRB’s Interpretation of the Red Book Contract and the Proposed United Contract

Hogan and Passo argue first that this Court should review the Red Book contract and the proposed United contract *de novo* and reverse the IRB’s decision because the Board allegedly misinterpreted those contracts. Hogan Br. at 1-14; Passo Br. at 1-4. The issue before the IRB was not one of contract interpretation, however, but one of

Hogan’s and Passo’s conduct. That conduct included: engineering the termination of Wilkerson and Frates; lying to local union officials about the terms of the proposed deal with Simon; lying to local officials about International support for the proposed arrangement with Simon; lying to the International about why Wilkerson and Frates should be terminated; failing to disclose material facts to their supervisors at the International; and using extensive union resources (including expenses for travel, hotels, phone calls, and countless lunch and dinner meetings) to secure a collusive deal with United. Because their conduct was largely undisputed, the central question remaining for the IRB to decide was not how to interpret the various contracts but whether Hogan and Passo engaged in this improper conduct and acted in concert with a non-union employer with the intent to benefit Hogan’s friend Simon and his brother — all to the detriment of Local 631 — Michael Hogan, (as the IRB charged) or with the intent to benefit Local 631 (as Hogan and Passo claimed).

As Hogan’s counsel acknowledged at the IRB hearing, “[t]he contested issues in this case are not so much about the facts, but rather the conclusions that are to be drawn from those facts. And those facts, as I say, are not in substantial dispute.” Tr. at 29. Passo’s counsel agreed, observing correctly that the central issue was one of intent: “It’s not a who did it. It’s not even a what happened. It’s a why it happened.” Tr. at 40. Since the question of intent does not turn upon the interpretation of any contract but depends upon the reasonable inferences to be drawn from Hogan and Passo’s undisputed conduct, the standard of review is clear: inferences drawn by the IRB from the facts are “discretionary and can only be disturbed if they are ‘arbitrary and capricious.’” *Giacumbo*, 170 F.3d at 143. The IRB’s conclusion that Hogan and Passo colluded with Simon for the purpose of benefitting Simon, Hogan’s long-time business friend from Chicago, and Michael Hogan, his own brother — all to the detriment of Local 631 — is neither arbitrary nor capricious. To the contrary, that conclusion is compelling and inescapable.

Passo and Hogan were afforded the opportunity at the IRB hearing to explain to the IRB all of the reasons why they pursued an arrangement with Simon. The IRB’s extremely detailed and thorough opinion scrutinizes their explanations and finds them to be incredible. See *Carey & Hamilton*, 247 F.3d at 380 (“In accordance with the great deference owed to the IRB’s determinations, law in this circuit establishes that a court ‘will not substitute its assessment of a witness’s credibility with that of the IRB.’”) (citation omitted). For example, while Hogan and Passo claimed that they ultimately intended to organize United’s employees as Teamsters, the IRB rejected that explanation as incredible, finding “no evidence of any organizing effort by either Hogan or Passo.” IRB Decision at 58. The IRB’s conclusion that Hogan and Passo had no

intent to organize United is amply supported by the facts. As the IRB found, “[n]either Passo nor Hogan nor anyone under their direction ever spoke to any United employee.” IRB Decision at 58. Having never spoken to the United employees, Passo and Hogan had no idea what terms these employees would even want from their employer. *Id.* at 60. Passo never spoke to the Local 631 staff organizers about organizing United and never requested organizing assistance from the International. *Id.* at 59. In fact, Hogan and Passo’s own words betray their claims. Passo admitted that he “wasn’t representing anybody.” *Id.* at 58. For his part, Hogan testified that he considered the proposed contract with United to be a “contract for services,” not a collective bargaining agreement. *Id.* Indeed, as the IRB suggested, for Hogan and Passo to attempt to organize United’s employees by dealing exclusively with Simon, the employer, would violate the National Labor Relations Act, which grants employees the right to choose their own collective bargaining representative. *Id.* at 59. As the IRB observed, “[t]he employer[s] choosing his employees’ bargaining representative is an indic[um] of a prohibited sweetheart deal between an employer and a union.” *Id.* at 59. Based on these facts, it was reasonable for the IRB to infer that Hogan and Passo had no intent of ever organizing United employees as Teamsters, as they incredibly claimed at the hearing.

Hogan and Passo also argue that the IRB may not discipline them because the contract with Hogan was never finalized. However, that Hogan and Passo ultimately failed to achieve their corrupt objective is beside the point. In any event, ample evidence supports the IRB’s conclusion that Passo and Simon had reached an agreement that they considered final. *See, e.g.*, IRB Rep. Ex. 82 at 68. Passo told Whitfield (in a recorded conversation) that he had submitted his agreement with Simon to the IBT for review. IRB Decision at 41-42. In fact, Passo submitted to the IBT Legal Department “the amended language of the contract” with United. IRB Rep. Ex. 84. In that letter, Passo acknowledged that “[e]verything else [in the contract with United] will remain the same as in the GES Exposition contract.” *Id.* Accordingly, the IRB concluded that, as far as Passo and Simon were concerned, the “negotiations” were over and the terms of the proposed contract with United were agreed upon.

Finally, to the extent the inferences of intent drawn by the IRB required an understanding of how the contracts at issue operated, the Board’s understandings were not only reasonable but fully consistent with the understandings of the experienced Local 631 officers who actually enforced the contract. *See* Tr. at 64-65, 111-12, 401; IRB Rep. Ex. 5 at 19; Ex. 82 at 41-43; Ex. 26 at 63; Ex. 2 at 186-87; Ex. 203 at 27; Ex. 1 at 162. While Hogan and Passo now offer competing interpretations of these contracts, their subjective understandings of the contracts would be rele-

vant only to the extent that, if honestly held at the time, they might provide evidence that Hogan and Passo acted in a good faith belief that their actions benefitted the local. The evidence, however, does not support such a claim. For example, it is undisputed that Hogan never even read any of the contracts at the time. Thus, the post-hoc interpretations by his counsel in this Court are simply irrelevant to his intent at the time. For his part, Passo’s own testimony actually supports the IRB’s understanding of how the Red Book contract operated. *See* Tr. at 501 (“Q. You knew that under the Red Book contract that was then in effect that anybody who performed Teamster work was supposed to be paid at the contract rate; is that correct? A. Correct. Q. And it didn’t matter from what source they came; correct? A. Correct.”). Accordingly, the competing interpretations offered by Hogan and Passo after the fact do nothing to call into question the IRB’s conclusions about their intent.

III. Hogan and Passo’s Challenge to the IRB’s Jurisdiction

Hogan and Passo again raise the claim included in the 2001 action that the IRB’s disciplinary action exceeded its jurisdiction because the Consent Decree limits the IRB’s jurisdiction to specific crimes and corrupt acts only. As the October 11, 2001 ruling in that action found, this argument is without merit.

The IRB’s authority to interpret the IBT Constitution and discipline IBT members is now beyond serious dispute. *See United States v. IBT (“IRB Rules”),* 998 F.2d 1101 (2d Cir. 1993); *United States v. IBT (“Friedman & Hughes”),* 905 F.2d 610, 613 (2d Cir. 1990). The Consent Decree expressly confers upon the IRB the same disciplinary authority that the IBT Constitution confers upon the General President and the General Secretary-Treasurer. *See* Consent Decree ¶ G.12(b). Since the IBT Constitution authorizes the IBT General President “to interpret and apply” the IBT Constitution and “to decide all questions of law thereunder,” *see* IBT Const. Art. VI, Sec. 2(a), the IRB’s disciplinary authority “necessarily includes the final authority to decide what constitutes an offense subject to discipline under the IBT Constitution.” *Friedman & Hughes*, 905 F.2d at 619 (describing Independent Administrator’s authority). Recognizing this, the IRB Rules expressly authorize the IRB to investigate “conduct that *in the IRB’s view* brings reproach upon the Union.” *IRB Rules*, 803 F. Supp. at 802 (emphasis added), *aff’d as modified*, 998 F.2d 1102 (2d Cir. 1993). The IRB’s conclusion that Hogan and Passo’s misconduct brought reproach upon the union is a reasonable interpretation of the constitutional standard and, therefore, well within its designated authority.

Contrary to Hogan and Passo’s argument, the scope of the Consent Decree is not limited to matters involving organized crime or to violations of specific federal crimi-

nal laws. See *United States v. IBT* (“*Bastian & Weisenburger*”), 175 F.3d 1009, 1999 WL 97236, at *2 (2d Cir. 1999) (IBT Consent Decree not limited “to matters involving organized crime or to matters arising under federal labor laws”). Rather, it is clear that “conduct that is not itself criminal can constitute a violation of the IBT Constitution.” *United States v. IBT* (“*Ross*”), 826 F. Supp. 749, 758 n.3 (S.D.N.Y. 1993) (quoting *United States v. IBT* (“*Liguorotis*”), 814 F. Supp. 1165, 1182-83 (S.D.N.Y. 1993)), *aff’d mem.*, 22 F.3d 1091 (2d Cir. 1994). “In fact, a great number of grounds for discipline in the IBT Constitution are not criminal violations, including the failure to cooperate with internal IBT investigations, knowingly associating with members of organized crime, violating a Local Bylaw and disrupting Union meetings.” *Liguorotis*, 814 F. Supp. at 1183. Thus, an IBT member may be disciplined for conduct that brings reproach upon the union regardless of whether the misconduct charged would also violate a criminal statute. See *United States v. IBT* (“*Reardon*”), 803 F. Supp. 734, 738 (S.D.N.Y. 1992) (“The flaw with these arguments is that Reardon is not objecting here to a conviction under [the LMRDA] in a criminal action. Rather, he is objecting to the Independent Administrator’s findings that he violated [the IBT Constitution] in an internal disciplinary proceeding.”); *United States v. IBT* (“*Parise*”), 777 F. Supp. 1133, 1138 (S.D.N.Y. 1991) (rejecting disciplined member’s argument that “his actions were not ‘corrupt,’ and that his suspension is therefore inappropriate because the misdemeanor to which he pleaded guilty is not an offense for which he can be barred from union office under [the LMRDA].”), *aff’d*, 970 F.2d 1132 (2d Cir. 1992). Accordingly, the IRB had jurisdiction to discipline Hogan and Passo regardless of whether their conduct violates the specific federal criminal statutes identified in the Consent Decree.

IV. Hogan and Passo’s Free Speech Claims

Hogan and Passo argue again, as they did in the 2001 action, that the IRB’s disciplinary action violates their rights to free speech because the IRB sanctioned them for mere advocacy of a proposed contract. As the October 11 ruling found, this argument is also without merit. As an initial matter, Hogan and Passo were not disciplined for mere advocacy of their views; they were disciplined for engaging in a pattern of concerted activity designed to benefit Simon and Michael Hogan to the detriment of Local 631. Passo did not simply advocate an idea; he repeatedly lied to local and International officials and engineered the elimination of the IBT officials who opposed him. For his part, Hogan actively used his considerable influence and connections to accomplish his corrupt goals. He introduced Simon to Passo, to Local 631 officials, and to International officers, including General President Hoffa. Indeed, Hogan himself initiat-

ed the scheme with the intention of benefitting his friend and his brother. Thus, the IRB did not discipline Hogan and Passo for their “thoughts” and “ideas” but for their active conduct in pursuit of an improper arrangement detrimental to Local 631.

That Hogan and Passo used speech to accomplish their corrupt ends does not mean that they are immune from disciplinary action. As noted in the October 11 findings, Hogan and Passo’s free speech rights “do not extend to advocating collusive contacts with entities with a history of organized crime contacts and racketeering.” Transcript of Proceedings, *Hogan and Passo v. IRB*, 01 Civ. 8620 (S.D.N.Y. Oct. 11, 2001) at 3. Indeed, “it has never been deemed an abridgment of freedom of speech . . . to make a course of conduct illegal merely because the conduct was in part initiated, evidenced, or carried out by means of language, either spoken, written, or printed.” *Giboney v. Empire Storage & Ice Co.*, 336 U.S. 490, 502 (1949). Here, the advocacy that Hogan and Passo claim is protected was the vehicle by which they committed the offense charged. As such, it is not protected. See *United States v. Rowlee*, 899 F.2d 1275, 1278 (2d Cir. 1990) (“[S]peech is not protected by the First Amendment when it is the very vehicle of the crime itself. E.g., . . . (conspiracy).”) (citation omitted); see, e.g., *Jews for Jesus, Inc. v. Jewish Community Relations Council of N.Y., Inc.*, 968 F.2d 286 (2d Cir. 1992) (“[T]he First Amendment is no bar to liability under the general common law prohibition of tortious interference with contract, which . . . is directed against conduct, not speech.”). The First Amendment does not give IBT members the right to engage in collusive conduct detrimental to the IBT simply because the successful implementation of their corrupt scheme required both conduct and advocacy.

To the extent Hogan and Passo suggest that their discipline violates the free speech guarantees of the United States Constitution, that argument is contrary to well settled and controlling authority. It has long been firmly established that actions taken by the officers appointed pursuant to the Consent Decree, including disciplinary actions taken by the IRB, do not implicate the Constitution because they do not constitute state action. See, e.g., *United States v. IBT* (“*Carey Disqualification*”), 156 F.3d 354 (2d Cir. 1998); *United States v. IBT* (“*Senese & Talerico*”), 941 F.2d 1292, 1296 (2d Cir. 1991); *United States v. IBT* (“*Sansone*”), 981 F.2d 1362, 1371 (2d Cir. 1992); *United States v. IBT* (“*Star Market*”), 954 F.2d 801, 806 (2d Cir. 1992); *United States v. IBT* (“*Hickey*”), 945 F. Supp. 96, 99 (S.D.N.Y. 1996); *Erbaci, Cerone, & Moriarty, Ltd. v. United States*, 939 F. Supp. 1045, 1054 (S.D.N.Y. 1996); *United States v. IBT* (“*Simpson*”), 931 F. Supp. 1074, 1108 (S.D.N.Y. 1996), *aff’d*, 120 F.3d 341 (2d Cir. 1997); *United States v. IBT*

(“*Simpson Subpoenas*”), 870 F. Supp. 557, 560 (S.D.N.Y. 1996).¹⁵

Nor does section 101(a)(2) of the LMRDA immunize Hogan and Passo from disciplinary action. Although the LMRDA protects the free speech rights of union members, as demonstrated above, those rights do not extend to the type of collusive conduct engaged in by Hogan and Passo. Furthermore, the free speech rights guaranteed by section 101(a)(2) are not absolute. The statute expressly permits a labor union to “enforce reasonable rules as to the responsibility of every member toward the organization as an institution and to his refraining from conduct that would interfere with its performance of its legal or contractual obligations.” 29 U.S.C. 411(a)(2). Thus, even if Hogan and Passo’s advocacy of their arrangement with Simon qualified as protected speech, the statute permits a union to defend itself by disciplining members for conduct that “threaten[s] the union as an institution and interfere[s] with the union’s duties as collective bargaining agent.” *Ferguson v. International Ass’n of Bridge, Structural & Ornamental Iron Workers*, 854 F.2d 1169, 1174 (9th Cir. 1988). Here, Hogan and Passo engaged in conduct that betrayed the IBT as an institution and interfered with the collective bargaining obligations of Local 631. The IRB was entitled to enforce the IBT Constitution’s standards of conduct and to discipline them for engaging in that conduct.

V. The IRB’s Choice of Sanction

Finally, Hogan and Passo challenge the IRB’s choice of sanction as excessive and disproportionate to the offense. Hogan Br. at 33; Passo Br. at 18-21. These arguments ignore both the governing standards and the seriousness of the egregious and harmful misconduct that Hogan and Passo engaged in.

The IRB, which heard all the testimony and considered all the evidence, is “best situated” to judge the culpability of those who appear before it and to fix an appropriate sanction. Cimino, 964 F.2d at 1311-13. Accordingly, “[t]he IRB has ‘wide discretion’ in imposing sanctions.” *United States v. IBT (“O’Donnell”)*, 29 Fed. Appx. 685, 688, 2002 WL 243247, at 2 (2d Cir. 2002) (quoting *Giacumbo*, 170 F.3d at 144). In reviewing IRB sanctions, this Court asks only whether the sanction imposed represents an “allowable judgment” in the choice of the remedy. *United States v. IBT (“Wilson, Dickens, Weber”)*, 978 F.2d 68, 73 (2d Cir. 1992)(citation omitted). “[T]he reviewing court should not overturn the . . . choice of sanctions unless it finds the penalty unwarranted in law or without justification in fact.” *Simpson*, 120 F.3d at 348 (citing *Wilson, Dickens, Weber*, 978 F.2d at 73).

Permanent expulsion from the IBT represents an “allowable judgment” in the IRB’s choice of sanction because it is expressly authorized by the IBT Constitution. See *United States v. IBT (“Boggia”)*, 167 F.3d 113, 120 (2d Cir. 1999)(“There is no dispute that the IBT Constitution provides that a member may be stripped of membership rights if found guilty of misconduct.”); *United States v. IBT (“Bane”)*, 2002 WL 654128, at *16 (S.D.N.Y. 2002) (“A lifetime ban on membership and employment with the union is a permissible sanction because it is authorized by the IBT Constitution and rules.”), *appeal docketed*, Dkt. No. 02-6153 (2d Cir.); *accord Carey & Hamilton*, 247 F.3d at 390 (“Carey has sympathetic arguments that the penalty imposed on him is harsh given his many years of service to the union; nonetheless, the penalty has a basis in the IBT rules and the Consent Decree.”). Accordingly, the IRB’s choice of sanction here was not “unwarranted in law.”

Furthermore, the IRB acted well within its broad discretion when it concluded that permanent expulsion was warranted by the facts of this case. By engaging in their collusive scheme with United, a non-union labor broker, Hogan and Passo betrayed the IBT membership at Local 631 in an effort to benefit Hogan’s brother and his business friend. Their misuse of their union authority resulted in the termination of innocent local officers, threatened to undermine Local 631’s bargaining position with trade show contractors and amounted to an unfair labor practice. Furthermore, Hogan and Passo committed these actions while they were both high-ranking IBT officials: Hogan was an International Representative, President of Joint Council 25, and an officer of a local union; Passo was an International Representative, Special Assistant to the General President, and a Personal Representative of the General President.¹⁶ It is well within the IRB’s broad discretion to conclude that Hogan and Passo’s misconduct deserved a particularly severe sanction precisely because they held such high-level positions with the IBT. See *Carey & Hamilton*, 247 F.3d at 389 (“Caselaw in this circuit supports the IRB’s holding that because of Carey’s position as the highest union official his misconduct was more serious.”); *Simpson*, 120 F.3d at 349 (“It was well within the IRB’s discretion to conclude that, precisely because Simpson was a trusted, high-level official in the IBT, his conduct . . . was more culpable.”); *Bane*, 2002 WL 654128, at *16 (“Bane’s relatively high-level position in the union — President of a large local union and International Representative — justifies the sanction.”); *cf. United States v. IBT (“O’Donnell”)*, 164 F. Supp. 2d 328, 338 (S.D.N.Y.2001) (“It seems appropriate that each of the consequences delineated by O’Donnell relates to the high

¹⁵ Hogan and Passo make no argument that has not been made and rejected before. The two recent Supreme Court cases they cite do not in any way change the governing analysis or otherwise call these controlling decisions into doubt.

¹⁶ Passo notes that he was not an elected official and, incredibly, denies that he was a nationally recognized leader of the IBT. Dane Passo’s Objection to Application 102 at 21. The above recitation of his positions put the lie to his denial.

positions of authority, responsibility and trust that he previously held in the IBT and Local 817 and that he now must forfeit as a direct result of his own wrongdoing.”), *aff'd*, 2002 WL 243247 (2d Cir. 2002). A permanent bar sends precisely the right message to the IBT membership: that corruption by high-ranking IBT officials will not be tolerated — no matter how longstanding their memberships and no matter how many of their relatives are also members.

Hogan argues that, even accepting the IRB’s factual findings, the evidence established only that he advocated a contract that he “honestly” believed had merit. Hogan Br. at 33. Not only did the IRB make no finding that Hogan had an “honest” belief about the merits of the proposal with Simon but, to the contrary, it specifically found that Hogan’s explanations for why he promoted the agreement with Simon were *not* credible. IRB Decision at 71-73. For example, with respect to Hogan’s claim that he never even read the Red Book contract, the IRB found: “Either his testimony is false or he didn’t care about the red book contract but only the best arrangement for Simon.” *Id.* at 72. Similarly, the IRB observed that Hogan apparently gave “false” testimony at the IRB hearing when he denied knowledge of the “most favored nations” clause of that contract. *Id.* at 73 n.77. Thus, the IRB’s actual findings, including the findings that he misled his superiors and clandestinely aided Passo in an effort to benefit his own brother and his friend, belie any suggestion by Hogan that his beliefs at the time were “honest.”

Passo argues that his sanction is excessive because, at most, he merely “attempted” to engage in the deal with Simon and that “the event never happened because Passo dropped it.” Passo Br. at 19-20. Passo also argues that his conduct resulted in “no actual harm to any union member.” *Id.* at 21. These arguments are not only contrary to the IRB’s findings, they are disingenuous. Passo “dropped” his efforts to contract with Simon only because Scalf, his immediate superior, ordered him to stop dealing with Simon. IRB Decision at 44. Furthermore, the IRB expressly found that Passo and Hogan’s misconduct caused harm to IBT members; in fact, the IRB found that IBT members were “repeatedly harmed.” *Id.* at 57. The IRB also found that Passo used his authority as an International appointee to engineer the terminations of Wilkerson and Frates. *Id.* at 64. Finally, while there is substantial evidence of actual harm here, the obligation upon all IBT members to refrain from conduct that “brings reproach” upon the Union can be violated without *any* actual injury to the IBT. *See, e.g., Friedman & Hughes*, 905 F.2d at 623 (conviction of IBT officer for embezzlement of non-IBT funds brought reproach upon IBT). Even without considering the actual injury he caused, it would certainly be reasonable for the IRB to conclude that Passo’s misconduct, which included misusing his union authority, lying to local

officials, and lying to his superiors — all to benefit a non-union company — brought reproach upon the IBT.

Passo also challenges his sanction on the ground that it is disproportionate to the misconduct and inconsistent with penalties imposed in other Consent Decree disciplinary proceedings. Passo Br. at 20-21. As an initial matter, Passo has not identified any IBT member who received a lesser sanction for engaging in misconduct remotely similar to his own. Even if he could identify an IBT member who engaged in comparable misconduct but received a lesser sanction, however, “it is well established that sanctions given in other cases are not relevant to the Court’s inquiry as to whether a particular sanction is unwarranted or without justification.” *Bane*, 2002 WL at 654128, at *16; *accord Giacumbo*, 170 F.3d at 144 (“Uneven application of sanctions does not normally render the sanction imposed in a particular case arbitrary or capricious.”); *accord Sansone*, 981 F.2d at 1371-72. In *Sansone*, the Court of Appeals rejected the officer’s argument that his penalty should be overturned because it was more severe than penalties imposed in similar cases. *Id.* Despite noting that Sansone’s penalty was “admittedly drastic” and that the Court “might not have reached the same conclusion,” the Court nevertheless declined Sansone’s invitation to substitute its judgment for the Independent Administrator’s: “The apparent discrepancy between the penalty imposed here and those imposed in other cases does not inexorably compel the conclusion that the Independent Administrator acted arbitrarily or capriciously.” *Id.* at 1372; *see also Ross*, 826 F. Supp. at 762 (Independent Administrator has authority to impose sentence more severe than that imposed on other IBT members who committed similar conduct). Accordingly, any alleged disparity between Passo’s sanction and the sanctions imposed on others does not render the sanction arbitrary and capricious.

CONCLUSION

Application 102 is granted, and the IRB’s decision is affirmed in all respects.

SO ORDERED.

August 22, 2003



LORETTA A. PRESKA, U.S.D.J.



A CHALLENGE Worth Taking

Teamsters Step Up To Help Australian Kids

How many visitors to New York City get to take a police-escorted boat ride around the Statue of Liberty? Or have lunch with the cast of “The Sopranos” and see filming of the show?

Not many. But thanks to the Teamsters, a group of visiting Australian children got that and much, much more.

“These kids had the time of their lives,” said Cliff Nolan, Vice President of Local 701 in North Brunswick, New Jersey.

When the children and those accompanying them were left stranded by their host organization after arriving in late June, the Teamsters stepped in to help. The group consisted of 16 members of a charity called Challenge.

What is Challenge?

Challenge is a charity based in Melbourne, Australia and has been providing support services to children and families living with cancer and other life-threatening blood disorders for more than 20 years.

“The Teamsters have been really great on our trip,” said Sam Severina, a 17-year-old, from Melbourne. “We’ve had an excellent time. The best part of the trip was when we got to meet Sharon Osbourne, who is a cancer survivor.”

The New York and New Jersey leg of the trip was coordinated by Nolan and funded by Joint Council 73 and Local 817. Gregg Glogoza, a Teamster truck driver, served as the personal chaperone for the group. Thomas O’Donnell, President of Local 817, paid for the children’s hotel rooms in Manhattan.

Fantastic Journey

“We are sincerely indebted to the Teamsters for embracing our group and ensuring that we had the best time possible while in New York City. This year’s trip would not have been the success that it was without this support,” said David Rogers, Chief Executive Officer of Challenge. “Gregg Glogoza was extremely hospitable and all of the kids now consider him their friend.”

While in the New York area, they were made honorary citizens of two towns in New Jersey, took a tour of the Empire State Building and had many other adventures.

“Washington, D.C. was really nice too, but I think New York has been my favorite part of the trip,” said Katerina Jeron, another of the visiting kids with Challenge. “To be honest, the Teamsters made this trip what it was. They’ve really been fantastic.”

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