

NCJ 102922

President's Commission on Organized Crime

Report to the President  
and the  
Attorney General

**THE EDGE:  
Organized Crime,  
Business, and Labor Unions**



102922  
1 of 2

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# PRESIDENT'S COMMISSION ON ORGANIZED CRIME

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Honorable Ronald Reagan  
President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

Pursuant to Executive Orders 12435 and 12507, as well as Public Law 98-368, I present the report on labor and management racketeering of the President's Commission on Organized Crime. Since you appointed the Commission and designated me as Chairman, our investigation has turned its attention to the ways in which organized criminal groups infiltrate and exploit the processes of the legitimate economy. Our public hearings and our previous report on money laundering have emphasized the importance of devising ways to deny organized crime the means to earn the vast sums of money that are its life-blood. No such effort can be complete without implementing a program designed to attack organized criminal groups who operate in the economic marketplace by means of labor and management racketeering and infiltration of legitimate businesses.

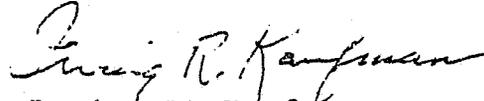
This report examines the scope and extent of these practices, which have afflicted certain unions and segments of the economy for decades. Our investigation is the first comprehensive survey of this enduring problem in nearly three decades. The Commission examined the ways in which racketeers employ new, more sophisticated means to exploit union members and to infiltrate the marketplace. It has also brought to light information confirming the involvement of organized crime in union locals and board rooms in our country.

We have complied with your mandate to the Commission to evaluate federal statutes and law enforcement strategies. Moreover, we have followed your direction to propose improvements in the law and the administration of justice that will enhance our ability to eliminate organized crime. Our report, in addition, analyzes existing racketeering enforcement efforts. The Commission recommends a concerted and coordinated national strategy against organized crime participation in our economy.

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This includes suggestions for improved investigative procedures, increased penalties for racketeering practices, and the voluntary cooperation of private industry and labor unions, which also desire the elimination of organized crime from the marketplace. The combined efforts of the private sector and various branches of government can reduce and eventually eliminate the pernicious involvement of those who exploit our economy by illegal practices.

Sincerely,

A handwritten signature in cursive script that reads "Irving R. Kaufman". The signature is written in dark ink and is positioned above the typed name.

Irving R. Kaufman  
Chairman

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

HONORABLE IRVING R. KAUFMAN, CHAIRMAN

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\* Commissioner Rodino, in view of his position as Chairman of the Committee on the Judiciary of the United States House of Representatives, takes no position concerning the recommendations included in Section Eleven of this Report.

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## Summary of Recommendations

The President's Commission on Organized Crime was established by Executive Order 12435 on July 28, 1983. The Executive Order directs the Commission to:

- o Make a full and complete national and region-by-region analysis of organized crime;
- o Define the nature of traditional organized crime as well as emerging organized crime groups, the sources and amounts of organized crime's income, and the uses to which organized crime puts its income;
- o Develop in-depth information on the participants in organized crime;
- o Evaluate Federal laws pertinent to the effort to combat organized crime;
- o Advise the President and the Attorney General with respect to its findings and actions which can be undertaken to improve law enforcement efforts directed against organized crime.

- o Make recommendations concerning appropriate administrative and legislative improvements and improvements in the administration of justice; and
  
- o Report to the President from time to time as requested, and to submit its final report by March 1, 1986.

In October 1984, the President's Commission issued an interim report entitled The Cash Connection: Organized Crime, Financial Institutions and Money Laundering, which recommended measures which, if taken, would deny organized crime easy access to the financial institutions of the United States.

This second report of the President's Commission on Organized Crime examines the problem of labor and management racketeering by organized crime in the United States, and provides an explanation of how modern labor-management racketeering operates and why it flourishes. The report also describes the role of legitimate businesses in labor-management racketeering schemes, and explains how organized crime, through domination or influence of labor organizations, employers, and legitimate businesses, can control segments of entire economic markets and can distort the cost of doing business to marketplace participants through theft, extortion, bribery, price fixing, fraud, and restraint of trade.

In this report, the Commission makes a series of administrative and legislative recommendations which count for their success upon complementary private sector initiatives by the labor movement, the business community, and the public. The Commission's principal recommendations are these:

Administrative

- o The adoption of a national strategy to remove the influence of organized crime from the marketplace, by identifying and studying those industries in which organized crime is deeply entrenched or gaining a foothold and by using available government resources in a coordinated plan, together with the aid of businesses and union rank and file.
  
- o The formation of task forces, drawing from all government agencies with suitable expertise and headed by the Attorney General, to combat organized crime on an industry-by-industry basis.
  
- o New directions for the Department of Justice and fundamental changes in the structure and operation of the Department of Labor, the two principal agencies charged with responsibilities involving organized crime, labor organizations, and businesses.

- o An increased use of the criminal and civil provisions of the RICO statute as a means to strike at the legitimate economic base of organized crime through forfeiture of assets, dissolution of businesses, and other means.
- o An increased emphasis on prosecutions which vindicate fundamental interests such as the right to organize, the right to engage in business and the right to have labor organizations conduct their affairs in accord with the highest fiduciary obligations.

#### Legislative

- o Passage of amendments to the National Labor Relations Act that would authorize and permit the National Labor Relations Board (NLRB) to deal more effectively with certain activities commonly associated with labor-management racketeering.
- o Passage of amendments to the Hobbs Act (18 U.S.C. §1951) to permit Federal authorities to investigate and prosecute certain types of labor-related violence or threats that advance the interest of organized criminal groups.
- o Passage of amendments to Title III of the Omnibus Crime Control and Safe Streets Act of 1968 which would permit

Federal authorities lawfully to intercept wire or oral communications for criminal violations of the Federal antitrust laws.

- o Passage of amendments to Title 29 of the United States Code to more fully protect members of labor organizations in the exercise of their statutory rights.

#### Private Sector

- o The labor movement, led by the AFL-CIO, should adopt and enforce policies and practices which will reduce the vulnerability of trade unions to domination, influence or control by organized crime.
- o The business community should adopt and enforce policies and practices intended to isolate from legitimate commerce businesses owned, dominated, influenced or controlled by organized crime, and businesses which willingly profit from a deliberate association with organized crime.

## FOREWORD

Labor racketeering was characterized by the president of an international union as a "cancer that almost destroyed the labor movement,"<sup>1</sup> by an Attorney General as "a serious national problem,"<sup>2</sup> and by the director of the Federal Bureau of Investigation as comparable to the threat posed by "organized crime in international drug traffic," both of which "do great damage to our society."<sup>3</sup> A prominent strategist points to covertness as the strength of organized crime, and illegitimacy as its weakness.<sup>4</sup> Through the legitimacy conferred by infiltration of the business community and the labor movement, organized crime has multiplied its power a hundredfold by gaining access to the institutions of society in an overt way. As a result, the power of La Cosa Nostra, which is the primary organized crime group involved in labor-management racketeering, has been projected nationwide without regard to the limitations which physical presence and the need for secrecy are thought to impose on its other concerted criminal activities, such as gambling and narcotics trafficking.

This report is the product of extensive work by the President's Commission on Organized Crime. It presents, not just the "why" and "where" of the organized crime problem in labor and business, but what can be done to eliminate organized crime in the marketplace. In the Overview and Summary of Recommendations section, the report introduces the

scope and impact of the problem, and a summary of the Commission's major recommendations. The next section, A Look at Modern Labor Racketeering: The Methods and Objectives of Corruption, reviews the impact of organized crime in the marketplace. This section is presented in summary form with greater attention focused in Sections Three through Seven on the so-called "big four" unions: the International Longshoremen's Association; the Hotel Employees and Restaurant Employees International Union; the International Brotherhood of Teamsters; the Laborers International Union of North America; and the independent unions. These four international unions -- the ILA, Hotel and Restaurant Workers, Teamsters and Laborers -- have each been found by the Federal Bureau of Investigation to be "substantially influenced and/or controlled by organized crime."<sup>5</sup>

In Sections Eight and Nine, the Commission analyzes two New York City industries, meat distribution and construction, each of which manifest different signs of the influence of organized crime. The Commission confirms what professor Thomas Schelling of Harvard has theorized, that in the overworld of legitimate business, "we can apply to [organized crime] some of the same adjectives that are often associated with monopoly - ruthless, unscrupulous, greedy, exploitative, unprincipled."<sup>6</sup>

The history of labor-management racketeering is one of opportunistic exploitation. It recounts the activity of those

who perceived the racketeering potential of our economy, and whose peculiar needs, ambitions, and capabilities complemented these inherent weaknesses in the system. Every instance of labor-management racketeering is thus a combination of the enduring and the contingent. Contemporary racketeering is simply the most recent expression of this historical process, the current state of the art. It is distinctive only for its complexity, the product of a century's experimentation and the sophistication of modern practitioners. Section Ten, Current Laws and Strategy, analyzes the extent to which our laws, the institutions of government and the private sector have kept pace with the evolution of racketeering practices. Section Eleven, Recommendations, suggests a national strategy intended to free the marketplace from the influence of organized crime.

The report does not define with precision terms such as Mafia, La Cosa Nostra, organized crime or "the mob." Rather the Commission defers this task until submission of its final report. It is important to note, however, that La Cosa Nostra still exerts a powerful influence today, but that the concept of organized crime includes more than La Cosa Nostra, or the LCN, as it is sometimes called. Although the Commission has focused here on La Cosa Nostra, a small number of labor unions are controlled by other criminal organizations. For example, "The Westies," one of the successors to early Irish gangs, control certain unions on Manhattan's West Side. Boston's Irish gangs, though largely

eliminated by each other and the Patriarca family of La Cosa Nostra in the 1960's, continue to exert influence over some unions in the Boston area.

Yet definitions are extremely important in an examination of organized crime because they define the nature of the problem to be solved. The concept of organized crime is more far reaching than its constituent core criminal organizations such as the Mafia or La Cosa Nostra, the group most entrenched in labor and business.<sup>7</sup> Because this report focuses primarily on the ability of La Cosa Nostra to exert a nationwide influence on four major international unions, it would be incorrect to conclude, as Joseph Bonanno a former boss of a La Cosa Nostra family has pointed out, that organized crime and La Cosa Nostra are synonymous terms, fully defining the extent of organized crime, while excluding all other manifestations of the phenomenon:

Thus, to this day most Americans still believe that "the Mafia" controls all organized crime in America. This is a fantasy . . . .The Kefauver Committee assumed "the Mafia" was a monolithic organization that controlled organized crime in America. Such a body, as defined by the committee doesn't exist. Organized crime embraces a lot of people -- not just Sicilians, but Jews, Irish, Puerto Ricans, Cubans, Blacks, Anglos, you name it -- and to posit that these various groups are controlled by one agency is preposterous.<sup>8</sup>

For purposes of this report, the terms organized crime and "the mob" include La Cosa Nostra and its willing associates, such as, bankers, businessmen, attorneys, public officials,

labor leaders and front men, the latter often known as "earners." This view of organized crime comports with that of the 1930's gangster Charles "Lucky" Luciano, who saw his alliances with those outside of the Mafia as purely business, to be thought of collectively as the "outfit" or the "syndicate."<sup>9</sup> More recently, Angelo Lonardo, the former underboss of the Cleveland family of La Cosa Nostra, described the role of Milton "Cigar Man" Rockman, who acted as a conduit for moneys skimmed from Las Vegas casinos by several Midwest Mafia families in a way which echoed Luciano and Bonanno:

We all belonged to the organization. . . He [Rockman] always took care of the labor movement and financial movement. . . He belonged to the same organization but not, he wasn't a member of the family. . . To be a member you have to be Italian.<sup>10</sup>

Without such accomplices, La Cosa Nostra simply could not operate effectively in legitimate commerce.

Persons whom the report identifies as members of organized crime have been so identified elsewhere in official records. A more detailed and complete analysis of La Cosa Nostra's control of specific unions, as part of the Commission's overall study of La Cosa Nostra, has been deferred until the Commission's final report.

The terms "dominate," "control," and "influence" used throughout the report are found variously in the AFL-CIO

Constitution, federal labor laws which define certain types of unfair labor practices, and the current racketeering statute (RICO). Here, dominate, control and influence, often incidental to La Cosa Nostra's "ownership" of labor unions, are intended to have their ordinary meanings. Sometimes control arises from members of La Cosa Nostra who are also labor officials. Control includes the ability to direct the day-to-day affairs of a labor organization -- such things as entitlement to benefits, resolution of jurisdictional disputes, whether to strike or not, who runs for office and who does not, who gets elected to union office, the expenditure of union trust funds, and the use of union power for corrupt purposes.

"Paul Castellano was probably the most sophisticated of [New York's] crime chiefs. . . . He thought of himself more as a businessman than a hood."<sup>11</sup> Castellano, the now deceased former boss of the Gambino crime family, the largest in La Cosa Nostra, put it simply, "Our job is to run the unions."<sup>12</sup> The murder of Castellano and his confidante, Thomas Bilotti, in New York City, on December 16, 1985, could result in changes in organized crime influence over some labor unions and businesses discussed in this report.

The Commission was often assisted in the preparation of this report by law enforcement agencies, including the Federal Bureau of Investigation, the Department of Labor, the New York City and Chicago Police Departments, the Internal Revenue Service, the

Organized Crime Strike Forces and other prosecutors around the country. The Department of Justice furnished extensive statistical information, conducted special analyses for evaluation by the Commission, and authorized the Commission to have access to court authorized electronic surveillance. The City of New York furnished data processing assistance to quantify the extent of poured concrete construction in Manhattan. The paper by professor George W. Brooks of the Cornell University School of Industrial and Labor Relations on the issue of union democracy enabled the staff to concentrate its analysis on organized crime's infringement of fundamental rights guaranteed by the United States Constitution and by federal law. The National Institute of Justice furnished the Commission with extensive data processing assistance to produce the results of the Commission's survey of over 700 federal, state and local law enforcement agencies. Edwin Zedlewski, staff economist at the Institute, devoted his considerable analytical skills to refining the survey results into a usable form.

This report closed with events as they existed as of December 31, 1985.

- 1 D. Dubinsky & A. Raskin, David Dubinsky: A Life With Labor 145 (1977).
- 2 Labor Management Racketeering: Hearings Before the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs, 95th Cong., 2d Sess. 9 (1978)(testimony of Benjamin Civiletti, U.S. Attorney General).

- 3 The Federal Enforcement Perspective: Hearings before the President's Commission on Organized Crime, November 29, 1983, at 63-64 (testimony of William Webster, Director, Federal Bureau of Investigation).
- 4 Colloquium on Strategy: President's Commission on Organized Crime, September 26, 1985 (statement of Edward Lutwak, Senior Fellow, Georgetown Center for Strategic and International Studies).
- 5 Labor Violence and the Hobbs Act: Hearings on S.462 Before the Senate Comm. on the Judiciary, 98th Cong., 1st and 2nd Sess. 208 (1983-84) (testimony of Floyd I. Clarke, Deputy Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation).
- 6 Thomas C. Schelling, "What is the Business of Organized Crime?" Journal of Public Law 20 (1977).
- 7 The preliminary results of a nationwide survey of over 700 federal, state and local law enforcement agencies conducted by the President's Commission makes two clear points: La Cosa Nostra has been observed by law enforcement, first, to engage in labor-management racketeering and in the infiltration of legitimate business more frequently than in any other criminal endeavor and, second, La Cosa Nostra does so more often than any other organized criminal group. The complete results of the survey and its methodology will be recounted in the Commission's final report.
- 8 J. Bonanno, A Man of Honor 218-19 (1983).
- 9 Id. at 142, 163.
- 10 Testimony of Angelo Lonardo on November 22 and 25, 1985 in U.S. v. De Luna et al, . no. 83-00124-01 (W.D.Mo.) at 12, 21, 262 and 263.
- 11 Pileggi, After Big Paul: The Mob's New Directions, New York Magazine, January 6, 1986, at 20.
- 12 Conversation of Paul Castellano intercepted by court authorized electronic surveillance on May 5, 1983.

SECTION ONE:

OVERVIEW AND SUMMARY OF RECOMMENDATIONS

Organized crime in America is entrenched in the marketplace. It owns and operates legitimate businesses, and in some areas of the country, it controls segments of entire industries. Throughout the economy, organized crime distorts the cost of doing business through theft, extortion, bribery, price fixing, and restraint of trade.

The Commission has found that in many instances the key to this marketplace corruption is the control and exploitation of labor unions by organized criminals. Historically, organized crime has used unions to exact payoffs in return for labor peace, and it has fed off union resources and workers' benefit funds. These rackets continue to flourish and to grow. In addition, organized crime has used labor unions as a tool to obtain monopoly power in certain markets and to give mob-run businesses an "edge". By manipulating the supply and the cost of labor, organized crime can raise its competitor's cost, force legitimate businesses to deal with mob-run companies, and enforce price fixing, bid-rigging, and other anti-competitive practices throughout an industry.

In many labor racketeering schemes legitimate businesses have willingly cooperated with organized crime and have derived benefits such as decreased labor costs, inflated prices, or increased business in a market. Robert Rispo, an associate of

the Bufalino La Cosa Nostra crime family boss, Russell Bufalino, who participated in a nationwide labor racketeering enterprise that benefited a series of labor leasing companies, several Fortune 500 companies, International Brotherhood of Teamsters union officials, and the La Cosa Nostra, said:

...in order for the scheme to work across the country... you have to have the cooperation of the union that is involved, the company that is involved... and then our [labor leasing] company. It has to be all three or it won't click....<sup>1</sup>

Labor racketeering and the market corruption that it facilitates is a growing national problem. Federal law enforcement authorities are aware of a small but critical number of labor organizations that have a connection to organized crime.<sup>2</sup> Although the number may seem small relative to the 70,000 labor organizations existing in the United States, many infiltrated unions are major locals embracing thousands of members, and they operate in strategic commercial sectors and large urban and metropolitan centers. Influence over these locals enables organized crime to dominate the international unions and acquire a foothold in the marketplace. It enables them to position corrupt labor leaders, who move in the shadow between legitimate and illegitimate businesses, to gain access to the political process.

Through its domination of select labor unions in major metropolitan areas, organized crime at various times has influenced a number of markets in construction, wholesale and

retail meat processing, trucking, garbage carting, and waterfront trade. This type of control has enabled the mob to determine who will do business, to allocate territories and set prices, to decide when and where people will work, and even to dictate wages and benefits. This situation makes a mockery of free competition and collective bargaining.

The costs of labor racketeering, although often hard to trace, are staggering. They are not just borne by union members, but by society as a whole. Millions of dollars of workers' dues and benefit monies have been siphoned off by organized crime through outright embezzlement or more sophisticated devices, such as loans or excessive fees paid to corrupt union and trust fund service providers. Workers can be denied the full benefit of their collective bargaining agreements when corrupt union officials trade their rights for payoffs or other advantages in mob-run businesses.

The highest costs are, however, borne by the public. Because organized crime's exercise of market power is usually concealed from public view, millions of consumers unknowingly pay organized crime what amounts to a surcharge on a wide range of goods and services. In Manhattan, organized crime, through its influence on construction activities and the cartelization of the concrete industry, significantly inflates construction costs. This affects the cost of many public and private building

projects. It is, ultimately, reflected in rents, taxes, and other charges.

The public suffers also when organized crime orchestrates illicit strikes and work slowdowns, or resorts to violence to maintain its operation of labor rackets. Equally important, labor racketeering undermines public confidence in the collective bargaining system and compromises the reputation and dignity of all honest trade unionists. It creates an environment in which labor, business, and political figures grow accustomed to corruption, viewing it as just another cost of doing business. All of us pay in some way.

This report, based upon extensive research, investigation, hearings, and examination of witnesses, presents a detailed account of how modern labor racketeering operates and why it flourishes. Through various examples the report describes the web of corruption that has pervaded segments of markets held captive by organized crime. It examines labor racketeering in selected independent unions and in the four international unions most frequently associated with organized crime: the International Brotherhood of Teamsters (IBT), the Laborers International Union of North America (LIUNA), the Hotel Employees and Restaurant Employees International Union (HEREIU), and the International Longshoremen's Association (ILA).

The Commission believes that the first step in ending labor racketeering is a recognition that the problem is both persistent and pervasive throughout many areas of the United States. During the past 25 years, law enforcement agencies have often successfully used the tools available to them to prosecute individual racketeers. But, as this report's discussion of law enforcement efforts against racketeering in the ILA illustrates, criminal prosecutions alone are insufficient. Because of its insidious and systemic nature, labor racketeering is not easily deterred by prosecutive efforts that merely "count bodies" as a measure of success. Instead, a new strategy must be developed to bankrupt individual mobsters and to discourage union officers, employers, and public officials from accommodating organized crime.

The current overall effort among government agencies is fragmented, and lacks adequate coordination. Various Federal agencies -- the Department of Justice, the Department of Labor, the National Labor Relations Board, the Internal Revenue Service, and the Securities and Exchange Commission -- enforce laws that may that may be used in combatting labor racketeering and marketplace corruption, but without centralized direction or substantial coordination. Moreover, although some laws aimed at labor racketeering need to be revised or supplemented, current statutes, such as the Racketeer Influenced and Corrupt Organizations statute (RICO) and union decertification laws have been underutilized.

The web of corruption presented by the many aspects of labor racketeering requires a coordinated, multifaceted, and national strategy to counter organized crime's infringement of economic and personal rights. The issue for the nation is not whether organized crime controls certain unions and locals, as it was for the Kefauver and McClellan Congressional committees in the 1950's, but how deeply that control penetrates and distorts our market economy. The Commission is convinced that the government can never reduce organized crime's influence in the marketplace unless it develops a comprehensive national plan to address the problem.

Therefore, as its principal recommendation, the Commission urges the adoption of a national strategy to remove organized crime from the marketplace. The strategy must establish clear goals and use the multiple resources of the government, integrated into a sensible plan. It must develop new initiatives and enlist the aid of the private sector, including businesses and union rank and file.

An effective national strategy must identify and study those industries in which organized crime is deeply entrenched or gaining a foothold, and it must develop a governmental response tailored to the circumstances existing in particular industries. To this end, the Commission further recommends that the Attorney General form task forces to combat organized crime on an

industry-by-industry basis. These industry-specific task forces should be drawn from all agencies of government with suitable expertise and should operate under the direction and supervision of designated United States Attorneys and the Department of Justice Organized Crime Strike Forces.

As part of this report, the Commission has also developed a series of specific recommendations which are more fully discussed in Section Eleven. These recommendations call for new civil and criminal remedies to combat specific aspects of labor racketeering and for renewed emphasis on existing remedies, such as the antitrust laws and the civil provisions of RICO. They recommend administrative changes in the Departments of Labor and Justice to coordinate and fix responsibility for agency action. Finally, the recommendations list ways in which unions, businesses, and public officials can assist in the effort to remove organized crime from the marketplace.

ENDNOTES

<sup>1</sup>Organized Crime and Labor-Management Racketeering in the United States: Hearings Before the President's Commission on Organized Crime, April 22-24, 1985, at 195 (testimony of Robert Rispo).

<sup>2</sup>See Office of Inspector General, U.S. Dep't of Labor, Semiannual Report of Inspector General, April 1, 1981-September 30, 1981, at 64(1981) (over 400 labor organizations associated, influenced, or controlled by organized crime); Labor Management Racketeering: Hearing Before the Permanent Subcomm. on Investigations of the Senate Comm. on Governmental Affairs, 95th Cong. 2nd Sess. 9 (1978) (statement of Benjamin Civiletti, U.S. Attorney General estimating that 300 union locals are severely influenced by racketeers). But cf. D. Elbaor & L. Gold, The Criminalization of Union Activity: Federal Criminal Enforcement Against Unions, Union Officials and Employees 40-43 (1985) (federal prosecutorial record does not support proposition that any international union is controlled or influenced by organized crime).

SECTION TWO:

A LOOK AT MODERN LABOR RACKETEERING: THE METHODS AND OBJECTIVES OF CORRUPTION

Labor racketeering is the infiltration, domination, and use of a union for personal benefit by illegal, violent, and fraudulent means. Although labor racketeering can be conducted by anyone, the history of the labor movement shows that the most substantial corruption of unions is conducted by organized crime families and syndicates. In the late 1950's the investigation conducted by the U.S. Senate Select Committee on Improper Activities in Labor-Management Affairs (McClellan Committee) uncovered systematic racketeering in the Bakers, Butchers, Carpenters, Distillery Workers, Hotel and Restaurant Employees, Operating Engineers, Teamsters, and Textile Workers unions. Of the 58 organized crime figures arrested at the 1957 Appalachian Conference, more than 20 claimed involvement in labor or labor management relations. These persons included officials of the Hotel and Restaurant Employees, and Teamsters, as well as such major La Cosa Nostra (LCN) figures as Joseph Bonanno, Vito Genovese, Paul Castellano, and Carlo Gambino. Indeed, Carlo Gambino told state police that he was a "labor relations consultant."

Today, labor racketeering continues to be a major activity of organized crime. Traditional rackets include raiding workers' benefit funds, entering into sweetheart labor deals with employers, and exacting strike insurance payments from vulnerable

businesses. These and other schemes continue to operate today, often in more sophisticated versions. In addition, organized crime has wielded union power to facilitate marketplace corruption and to give businesses an advantage in the marketplace.

The Commission has found that organized crime can use unions in four principal ways: First, it can convert union resources - members' dues, union assets, or worker benefit funds - to its own use. Second, it can use unions to exact payoffs from businesses in the form of sweetheart contracts or strike insurance. Third, it can use the union as a way to influence an entire market. This last use may generate the same kind of payoffs that come from the sweetheart deal or strike insurance. Indeed, these rackets may be part of a general market corruption scheme. Finally, organized crime can use unions as a means of access to and protection from the political and governmental process.

From the Commission's investigation of how organized crime uses unions, and particularly from the case study of the construction industry, the Commission has found that, like unions, businesses that deal with organized crime vary in the nature of their cooperation and in their motives for cooperating.

First, there are businesses that are actually owned or controlled by organized crime. They can provide a legitimate

front for criminal activities and can enable organized crime to eliminate competition and set prices in particular markets.

Second, in certain industries there are trade associations (groups of businesses conducting the same trade), which have been compelled by local market conditions to deal with organized crime-influenced unions. The associations can operate as cartels by setting prices, allocating markets, and deciding who may or may not conduct business. Associations can function as instruments of control over industries in the same manner that unions are used to influence an industry.

Third, some businesses, not influenced by organized crime, have nevertheless found it beneficial to strike deals with organized crime-influenced unions or businesses. The benefits secured -- reduced labor costs, labor peace, or higher profits -- are the incentive for cooperation. For example, major corporations, in the hope of reducing their labor costs and at the same time securing labor peace, have made deals with organized crime-connected labor-leasing companies.<sup>1</sup>

Finally, some businesses have truly been victims of organized crime, making payoffs or providing other services in response to extortionate demands or risking exclusion from certain markets.

## Abuse of Union Financial Resources

Although organized crime has used unions as a means to extort payoffs and gain control of markets, the plunder of union resources remains an attractive end in itself. Sometimes labor racketeers benefit from union financial resources through outright embezzlement or through more sophisticated devices. The most successful devices are the payment of excessive salaries and benefits to organized crime-connected union officials and the plunder of workers' health and pension funds. A comparison of salaries paid to officers and officials of organized crime-influenced unions with salaries paid to officers and officials of legitimate unions illustrates the potential of this particular racket.

As the case studies will show, union officials in organized crime-influenced unions can routinely pay themselves and their allies excessive salaries, fees, and commissions. They and their families can receive an array of benefits and payments, ranging from reimbursement for nonunion-related criminal defense fees to houses, cars, and chauffeurs. For instance, former union leader Daniel Cunningham was found guilty of embezzling union funds while serving as trustee of the Allied International Union Health and Welfare Fund. He gave "no show" jobs to friends and family members, disbursed approximately \$38,000 in union and welfare fund checks to his wife, ex-wife, and girlfriend, used union funds for personal travel expenses and merchandise, and during

the 6 years that he was looting the union, purchased \$147,000 of municipal bonds and amassed a cash kitty of more than \$190,000.

Another labor racket commonly employed against a union is the diversion of worker benefit funds. Union benefit funds have grown significantly in size and scope since World War II. Currently benefit funds number more than 75,000, with cumulative assets of more than \$51 billion. The funds cover pension, health, and welfare benefits and function as a private social security system for millions of retired, disabled, and needy workers. These funds also represent enormous racketeering potential. Organized crime has a variety of schemes to divert the monies to itself.

Benefit funds derive their assets primarily from employers, in amounts determined by the collective bargaining agreement. In theory, benefit fund income is invested and the total assets are used to benefit the membership. It does not always work that way. Certain funds have been administered by corrupt trustees and executors, who have paid themselves exorbitant salaries or billed for unnecessary and excessive administrative fees. The corrupt trustees may also draft the governing by-laws to keep large cash reserves on hand. Disposition of the accumulating surplus is then accomplished through a variety of devices. Payments may be made to various entities for fictitious services, or for the purchase of goods intended solely for the use of the racketeers. Accumulated funds have been used to finance the

speculative ventures of organized crime, and favored insiders tend to have little difficulty in securing loans from the funds. Some of these transactions are loans in name only and have never been repaid.

Allen Glick received \$62.7 million from the Teamsters Central States Pension Fund within nine days of his application -- without submitting a personal financial statement. With these monies Glick purchased the Recrion Corporation, which owned the Stardust and Fremont casinos in Las Vegas. Glick held the legal ownership of the casinos until the Nevada Gaming Commission ordered him to sell his interests because of slot machine skimming schemes. On September 30, 1983, a Federal grand jury in Kansas City returned an indictment against 15 individuals, including high officials of organized crime families in Chicago (Joseph Aiuppa, John Cerone, Joseph Lombardo), Kansas City (Carl DeLuna, Carl Civella, Peter Tamburello) and Milwaukee (Frank Balistrieri).<sup>2</sup> In essence, the indictment alleges that Glick was a front man for organized crime officials who had arranged for Glick to obtain the loans from the Central States Pension Fund in order to purchase the casinos. Thereafter organized crime exercised influence over the operation and management of the casinos and skimmed over \$1 million from the casinos' winnings.

When benefit funds are paid out on behalf of workers, the payout sometimes goes to insurance companies and prepaid health plans. These companies can charge inflated fees and bill for

nonexistent "commissions" and services never rendered. In some cases, professional asset managers, fund administrators, insurance providers, doctors, dentists, lawyers, and accountants have fronted for organized crime in its manipulation of union benefit funds. In other cases the service provider is just a corporate shell that gives organized crime the means to benefit from fund monies stolen from the union. By these devices law enforcement is hindered in efforts to trace the diverted funds, union beneficiaries pay unnecessary and excessive administrative fees to the service providers, and benefits promised the membership are not available when union members attempt to draw upon them. The Laborers Union case study details how, in one situation, an administrator associated with members of the Chicago family siphoned off 68 percent of the money paid for dental care for "administrative costs."

Using the Union to Extort Payoffs: Sweetheart  
Contracts and Strike Insurance

The Sweetheart Contract

The sweetheart contract is a deal based on labor-management collusion, whereby the employer is permitted to violate or sidestep collective bargaining provisions. Although in specific cases the underlying crime may be either bribery or extortion, the economic basis of all sweetheart deals is the price of labor. In return for a payoff to a corrupt union official, the employer can use fewer workers, pay them less, and assign and discharge them at will. For example, an employer can make illicit payments to union representatives in return for the privilege of using non-union labor or for the union's promise not to organize workers within its jurisdiction. A more sophisticated arrangement permits the employer to choose the union representatives with whom he will negotiate, rather than to deal with officials selected by the employees. The consequences can be extremely beneficial to the employer and the corrupt union officer. It is a lesson that has not been lost on organized crime, as this intercepted conversation between Sam "the Plumber" DeCavalcante, head of a New Jersey crime family, and family member Gaetano "Corky" Vastola and associate Joseph "Whitey" Danzo illustrates:

Vastola: Well, I'm going to make the score this way. When I sit down with the Boss, I tell him how much it's going to cost him in welfare, hospitalization -- and all that. Say a plant with two hundred and sixty people will cost them \$4,000 a month just for hospitalization. So all together I make a

package out of it. I'll say, 'It's going to cost a hundred thousand dollars a year. Let's cut it in half and forget about it,' and walk away. I show them first what it's going to cost, then how much I'm going to save him by his walking away.

DeCavalcante: Well, you'll have to organize the plant so nobody else walks in there. Then you wind up with the dues every month. That's \$3,000 a month. You could do that?

Danzo: Sure he could give a solid contract for three years where he won't get hurt.

DeCavalcante: Then you get a pay every year.

In some instances, management colludes with a corrupt union and uses sweetheart deals to keep out legitimate, and hence unwanted, unions. During an organizational drive an employer can arrange for a rival, organized crime-dominated union to be brought in, one which can be expected to be more understanding of the employer's problems. Daniel Cunningham, former President of the Allied International Union of Security Guards and Special Police who was convicted of racketeering offenses in 1982, netted thousands of dollars from entering into so-called "desk drawer contracts" with employers. As he explained in testimony to the Commission,

An umbrella or desk drawer contract is a contract that the employer of a particular company would call the union and say that he would like to place his people under a union, and he would like a favorable contract. And generally a contract would be drawn in most cases with the terms that the employer wants. And it would never be implemented. It would just sit in a file or drawer somewhere until such time as the employees would either look for a union to represent them or some union would come around and start organizing, and at that time the employer would pull out this contract and say "I'm already represented by a union." And, in effect; it would be a bar from the union coming in to organize them because the

people are already represented. So, in effect, an employer could pick up considerable amount of time without having to pay any union benefits and yet still be covered by a contract.

Although cheap labor is a universal desire in a market economy, collusion between labor and management in the form of sweetheart deals appears to be concentrated in industries where labor costs are a significant competitive factor. Sweetheart arrangements tend to flourish in the construction, trucking, and garment industries, where differences between union wages and nonunion labor rates provide an incentive.

#### Strike Insurance

Through payments known as "strike insurance," corrupt labor officials extort money from management in return for promises to keep labor peace. The 1958 McClellan Committee hearings revealed that the building trades, garment trades, and trucking industries were plagued by the practice. Other businesses, then and now, have been victims of this labor racket. For example, on May 15, 1980, Douglas LaChance, then president of the independent Newspaper and Mail Deliveries Union (NMDU) of New York, was convicted of racketeering, extortion, receiving improper payments, and income tax evasion.<sup>3</sup> LaChance received more than \$330,000 from wholesale deliverers to ensure labor peace, sign contracts, lay off workers, and distribute interim papers

during a strike; of that amount more than \$85,000 came from a wholesaler who employed nonunion drivers.

Today, with varying degrees of expertise and sophistication, payments for strike insurance are camouflaged among countless checkbook transactions of the victim's business. A common device is the "ghost" employee, usually a crony of the racketeer who does little or no work but who receives money from several union or management payrolls. For example, for seven years Chicago La Cosa Nostra member John Fecarotta was listed as a "business agent" or an "organizer" for Laborers Local 8. In testimony taken by the Commission, Fecarotta could not describe details of anything he did for the union. He did not know the substance of terms of the union's collective bargaining agreement, nor could he name management employees or union stewards.

Strike insurance payments are also disguised as advertising revenue paid to a union's journal or as contributions to a union's annual dinner-dance. A Teamsters local in New York City, for example, sponsors an annual dinner to which employers of the membership are invited. In some cases, racketeers have asked for checks payable to their "labor relations" firms.

Although no industry welcomes a strike, the potential for extortion through strike insurance is greatest in businesses where delay is unusually costly. This time pressure -- keenly felt in construction and shipping, is aggravated where the

business units are small and competition is intense. In those cases the union's ability to dominate and dictate terms to the individual employer is at its height. The employer simply cannot survive a strike or other forms of labor strife.

The Commission has examined a variety of market corruption schemes and has chosen to detail organized crime's influence over the New York City construction industry and the New York meat and poultry industry, because information about these industries is available and because it believes that these cases exhibit the general characteristics of market corruption. The following indicates the general patterns of market corruption in these industries.

#### The Construction Industry

Construction work proceeds in stages. First a site is cleared and excavated, then a foundation is laid, and finally building begins. A successful venture requires coordination and timely delivery of supplies so that each group of workers can successively take their place at the site and perform their work. In such circumstances organized crime control over the unions responsible for delivering supplies and performing work gives it a powerful hold over the entire construction industry. Companies reluctant to do business with organized crime can be coerced into participation through labor troubles. Companies that cooperate with organized crime can be rewarded with a variety of

benefits, such as the use of nonunion labor, payments below union scale, or merely the assurance that supplies will be delivered when needed. Organized crime has focused on unions that control the choke-points in any construction job -- for example, an IBT local in New York which delivers building supplies to construction sites.

As the case study will show, New York construction businesses cooperating with organized crime have formed a cartel, and the union is the enforcing agent. General contractors are told what suppliers to use and who subcontractors will be. If a contractor does not comply, either he will never get the job (having been purposefully underbid by the cooperating companies) or he will get the job but will never be able to complete it. Construction contractors have told Commission representatives that they simply cannot go into the New York market because they are underbid or cannot get work done when they get a bid.

Organized crime's hold over some New York City locals of the Laborers Union provides a good example of how organized crime uses unions to influence the construction industry. Laborers do the initial clearing of a site, a job that must precede all other work. In a business where time is of the essence, delay here can end the project before it begins. Laborers are also a source of labor that can be used to substitute for skilled trades and thus undercut legitimate locals or reward cooperating companies with

cheaper, readily available help. When organized crime influences the Laborers, they influence the job.

The mob's construction industry practices are illustrated by recent criminal and civil actions arising from corruption and collusion in the concrete pouring segment of the industry.

In late February 1985, a federal grand jury in Manhattan returned what has come to be known as the "Commission" indictment. The indictment identifies five of the named defendants as heads of the Luchese, Gambino, Genovese, Colombo, and Bonanno crime families headquartered in New York City, and as members of a "Commission," which allegedly serves as the Council for La Cosa Nostra families nationwide. The indictment states that the "Commission" established and carried out various joint ventures between and among La Cosa Nostra families, including a joint venture to dominate certain concrete contractors in New York City. The indictment charges that the "Commission" conducted the joint venture by establishing a "club" of contractors. The club allegedly allocated all contracts to pour concrete having a value exceeding \$2 million, controlled recalcitrant contractors by threatening labor and cement supply problems, and received payoffs amounting to two percent of contracts exceeding \$2 million from participating concrete contractors.

Subsequently, the State of New York filed a civil action under the Federal antitrust laws against some of the "Commission"

defendants. The complaint states that the defendants conspired to allocate major New York City public and private concrete construction work through a system of complementary and collusive bidding. It further charges that the defendants conspired to exclude other concrete subcontractors from competing by threatening them with labor and ready-mix concrete supply problems.<sup>4</sup> Three of the companies named in the New York State antitrust complaint are identified in the federal racketeering indictment as businesses that paid kickbacks to representatives of the "Commission."

#### The New York Wholesale and Retail Meat Industry

Organized crime has "squeezed" its competitors in the New York wholesale and retail meat and poultry business, by all of the traditional labor racketeering schemes, such as insuring union trouble for uncooperative businesses and providing cheap labor for its allies. If these techniques prove insufficient to influence competitors, organized crime has shown it will resort to violence to achieve its ends.

The continued expansion of organized crime's "legitimate" meat and poultry businesses has been so swift and its profits and earnings so high that one company in which an LCN family member, Peter Castellana, Sr., is a sales manager has its shares publicly traded on a national stock market.

Frank Perdue, the chicken producer, recognizes the competitive aspects of the New York meat and poultry market. Perdue, a supplier of premium chicken to Quarex Industries, considers the relationship a matter of business and the bottom line:

I decided that if I could be protected, that I would get my share of his (Peter Castellana's) business. But he had to give us a letter of credit, like he has to give all the other shippers who ship him so the shipper is protected. And then if he doesn't give me a problem, harassment, you know, cancelling or things like that, that a guy like Fancy would do, I have no problem dealing with him. I know what he is. But I have my money; he unloads my trucks on time. We have no problems. He pays his bills.<sup>5</sup>

Perdue, like many businessmen, also believes that organized crime connections can help a company having trouble with its workers. When faced with mounting labor problems at his Accomac, Virginia facilities, Perdue sought help from Paul Castellano, head of the LCN Gambino family in New York:

- Q. Why did you go to Paul Castellano, Senior?
- A. I don't know. I just thought - you know they have long tentacles, shall we say, and I figured he may be able to help.
- Q. When you say they have long tentacles, as an organized crime figure?
- A. Yeah. Mafia and the mob.<sup>6</sup>

General Patterns of Marketplace Corruption

Organized crime may not be interested merely in influencing a union or a business. Members of an organized crime family may seek to influence both the union and the business so that it can obtain market power in an industry, or even dominate that industry. This objective remains the same, whether the market is construction, transportation, meat, or garbage carting. For example, on June 28, 1983 in the following conversation, Salvators Avellino, a member of the Luchese La Cosa Nostra crime family, began to discuss with two carters the need to create a new local, Local 813A in New York, as the means to attain greater control of the garbage carting industry.

Avellino: 813 is yours; 'A' is ours and yours together. But not that we know it's the dog wagging the tail 'cause if we gonna go work and... and we're gonna put these, ah, ah, 200, 300, people in it. Now, let's take somebody, let's take a son, a son-in-law, somebody put them into the officer; they got a job. Let's take somebody's daughter, whatever, she's the secretary. Let's staff it with --

Thomas Ronga: Our people.

Avellino: -- with our people, and when we say go break this guy's balls --

Thomas Ronga: They go.

Avellino: -- they're there 7:00 o'clock in the morning to break the guy's balls --

Emedio Fazzini: -- with an 'A' or whatever, and there we won't be under Bernie [Adelstein] all the way, and meantime it will be --

Avellino: You follow me.

Emedio Fazzini: Ya, I --

Avellino: Let Bernie [Adelstein] have all the five (5) boroughs, Nassau/Suffolk is 'A'.

In a subsequent conversation, Avellino provided evidence that La Cosa Nostra already controls the Carters Management Association (the Private Sanitation Industry Association of Nassau and Suffolk Counties, Inc.) but the LCN wants total control of the union itself, which they believe is better than controlling the employers:

Emedio Fazzini: You gotta control the workers (inaudible); right now you control the employers.

Avellino: Right, right now we as the Association, we control the bosses, right. Now when we control the men, we control the bosses even better, now because they're even more afraid, right.

\* \* \*

Avellino: Do you understand me? Now, when you got a guy that's steps out of line and this and that, now you got the whip. You got the whip. This is what he [Corallo] tells me all the time, 'a strong union makes money for everybody, including the wise guys.' The wise guys even make more money with a strong union.

Emedio Fazzini: True.

Avellino: Because, because the envelopes [kickbacks] could be bigger and better."

Second, the construction industry and meat industry case studies show that businesses touched by market corruption are sometimes victims, but frequently are willing participants in a variety of labor racketeering schemes. There are instances of

corrupt managers who willingly cooperate and benefit from their association with organized crime.

Certain industries and markets are more susceptible than others to labor racketeering and the market corruption it facilitates. These include industries in which employers will more readily succumb to strike threats, industries in which cheap labor and sweetheart deals provide a substantial competitive advantage, and industries that provide opportunity for the enhancement or practice of other criminal activities.

The Union As A Cover: Access To And Protection From  
the Political Process

If the President of the United States, if he's smart, if he needed help, he'd come, I could do a, some favor for him.

- Paul Castellano, former boss of the Gambino family, 1984.<sup>7</sup>

Gaining political power is one of the goals of organized crime's labor-management racketeering activities. In comparison with other illegal businesses of the syndicate, where political influence may be used defensively to protect organized crime operations,<sup>8</sup> labor-management racketeering aims at obtaining such influence. Influence of unions or businesses provides organized crime with a legitimate front to contact and influence numerous elected and appointed officials in government.

Because businesses and unions have a broad range of general and specific legitimate interests, it is reasonable to expect they will use the political process to advance those interests on local, state, and national levels. When organized crime influences a union or business, however, the aim behind the assertion of a particular interest may often benefit organized crime. The appearance of legitimacy may conceal the shift in emphasis. At times public officials find it difficult to know when they are dealing with an agent or an apologist for organized crime. At other times, however, the association of a particular person with organized crime is widely known and obvious.

The financial contributions that businesses make to candidates and elected officials are an important source of campaign funding. Unions also provide campaign funds, but the more important contribution that unions can make to the aspiring political candidate involve the infrastructure of the successful electoral campaign: assisting a candidate with voter registration, distributing literature, and establishing and manning telephone banks, among other services. Both businesses and unions provide funds and services in the hope of winning a "friend" in public office, one who will look with favor on the agenda of their institution and its leaders. For politicians, such resources are sufficiently attractive that they offset the unsavoriness that may be attached to a particular source of funds or assistance. Thus, the public has frequently witnessed

politicians, from the local to the presidential, embracing individuals and groups known to have organized crime connections.

The power of organized crime-dominated businesses or unions has led to the creation of "triple-threat" racketeers: men who are members of organized crime, important business consultants or union leaders, and political kingmakers. An example of such a person is Anthony Scotto, a former ILA local and national official and a capo in the LCN Gambino crime family. When he was on trial for racketeering activities, his character witnesses included the then-incumbent Governor of the State of New York<sup>9</sup> and several former New York City mayors.<sup>10</sup> Scotto had cultivated political and charitable contacts which added to his aura of legitimacy and further increased his influence. Scotto's power and relationships were so enduring that, even after his release from Federal custody, numerous political figures joined him in a welcome home dinner.

When corrupt union leaders, such as Scotto, are seen, in person or through the media, joining hands and breaking bread with the important political candidates and leaders of the country, these images convey a message to unions members about the consequences of organized crime's influence. They graphically demonstrate to the membership that political leaders are beholden to the person who dominates and controls their union.

Another example similar to Scotto is John Serpico, a Laborers Union local and national leader from Chicago. Serpico has two important sets of friends: organized crime friends like La Cosa Nostra Chicago boss Joseph Ferriola; and political friends, including some of Illinois' most prominent elected officials. The political friends have taken turns appointing Serpico to the leadership of the Chicago Regional Port Authority.

The actions of Serpico's allies are not unusual. Former enforcement officials of the Department of Labor have noted that the opening of investigations into funds related to certain powerful unions, or a significant local of those unions, often resulted in prompt intervention from the Office of the Secretary of Labor. Such contacts indicated, either implicitly or explicitly, that it was unwise to disrupt certain established political relationships. One of the key obstacles to more vigorous oversight of labor-management racketeering by the Department of Labor is the Department's undeniable susceptibility to political pressure from the leadership of the constituency it is supposed to oversee.

Even when there are no actual attempts to tamper with the prosecutorial process by using political power, certain political alliances and well-timed political contributions can create an appearance of impropriety. In the current Administration, the long delays in reaching a resolution of a Department of Justice investigation concerning IBT president Jackie Presser have led to

a similar concern -- whether Presser's support of the Administration in the 1980 and 1984 election campaigns influenced the conduct of the investigation. Although the Commission did not conduct an investigation for any evidence of wrongdoing in the Presser investigations just described, it is convinced that the impact of such contacts can lead to an erosion of public confidence and dampen the desire to end racketeering. Organized crime is aware of this and purposefully seeks to cultivate and benefit from political influence.

ENDNOTES

<sup>1</sup>The most notorious of these, described in the case study of the IBT, was run by Eugene Boffa, Sr. and his son, Robert Boffa. The pair secured clients in two principal ways. First, if a company was not unionized, the Boffas, through corrupt union officials, would threaten an organization drive and other labor woes. Second, if a company was already unionized, the Boffas would show the company how it would benefit by using its laborers. The company would fire its workforce and "lease" the same labor services from Boffa. Boffa would generally hire the "discharged" workers (all except those identified as troublemakers), the company would pay them less through changes made in the contract, and the corrupt union officials would receive kickbacks for their cooperation in the scheme.

<sup>2</sup>United States v. DeLuna, No. 83-00124 (W.D. Mo. 1983) Frank Balistrieri pleaded guilty on December 31, 1985 to charges of conspiring to maintain illegal hidden control of Argent Corporation, and skimming gambling receipts from its casinos in Las Vegas, and was sentenced to 10 years imprisonment and \$20,000 in fines.

<sup>3</sup>United States v. La Chance, 80 CR 102 (S.D.N.Y. 1980).

<sup>4</sup>New York v. Cedar Park Concrete Corp., No. 85-1887 (S.D.N.Y. filed March 11, 1985).

<sup>5</sup>Deposition of Frank P. Perdue by the President's Commission on Organized Crime, September 17, 1985.

<sup>6</sup>Id.

<sup>7</sup>Paul Castellano, former head of the LCN Gambino crime family, in a conversation intercepted on May 5, 1983, pursuant to a court approved electronic surveillance.

<sup>8</sup>A defensive use of such political power, for example, may benefit organized crime by providing police "protection" to ignore illegal gambling operations and friendly judges to dismiss search warrants or suspend sentences for gambling cases where organized crime controls a particular game.

<sup>9</sup>Hugh Carey.

<sup>10</sup>John Lindsay, Abraham Beame and Robert Wagner.

SECTION THREE:

INTERNATIONAL LONGSHOREMEN'S ASSOCIATION

It's our international.

-Paul Castellano  
Deceased Boss of the Gambino Crime  
Family<sup>1</sup>

Nobody controls me.

Thomas Gleason, President, ILA<sup>2</sup>

Historically, the International Longshoremen's Association (ILA) has been virtually a synonym for organized crime in the labor movement. David Dubinsky called it a "nest for waterfront pirates -- a racket, not a union."<sup>3</sup> Daniel Bell wrote that the ILA was "less a trade union than a collection of Chinese warlords, each ruling a great or small province."<sup>4</sup> Unfortunately, these observations remain true today.

Criminal activities have always prospered on the docks. The necessity for speed, plus the lack of rail connections to the piers, gave rise to the coveted "loading" racket, which involved moving cargo from the pier floor to waiting trucks. Since demand for cargo loading was inelastic and dependent upon immediate need when ships arrived, loading generated extraordinary profits,<sup>5</sup> and was a principal incentive for organized crime to infiltrate the ILA.<sup>6</sup> During the 1920's, gangs fought pitched battles for control of loading on New York's West Side docks.<sup>7</sup> Pilferage was virtually impossible to prevent;

shippers eventually accepted it as a cost of doing business.<sup>8</sup> The waterfront work force--casual, unskilled, demoralized, insecure due to hiring practices, and frequently immigrant--was fertile territory for gamblers and loansharks.<sup>9</sup>

To those who wanted "a piece of the action," one principle was clear -- "control of the local [union was] a prerequisite to conducting racket operations on the piers."<sup>10</sup> Gangsters had long been a factor in the union,<sup>11</sup> and by 1950, 30 percent of the union's officers had police records.<sup>12</sup>

Once in control of the union, the underworld found the shipping industry an attractive and easy target for the more traditional types of labor racketeering. When a ship docks, it must be emptied quickly. The cargo may include perishable foodstuffs, and in any event, the owner gathers no return on his capital investment -- the ship -- while it is in port. Ship "turnaround" time is thus a crucial key to profitability. Besides direct evidence that individual pier bosses regularly shook down shippers by threatening walkouts,<sup>13</sup> a pattern of payoffs at higher levels was suggested in 1948 when the international sanctioned a strike for the first time.

Time pressures also encouraged owners to maintain an oversupply of labor so that all ships, even on the busiest days, could be unloaded at once. The lucrative and commonly used "kick-back" racket also arose from time pressures.<sup>14</sup> Because

the number of ship arrivals fluctuated, the hiring boss (usually a union officer) selected the necessary number of workers from the surplus of men at the daily "shape-up." The criterion for selection on many piers was the willingness, evidenced by a pre-arranged signal, such as a toothpick by the ear, to "kick-back" a part of the day's wages to the boss.<sup>15</sup>

Kickbacks and other traditional racketeering schemes provide only part of the inducement that continues to draw organized crime to the eastern seaboard waterfront. Traditional crime activity, such as gambling, loansharking and theft, have always plagued these ports. In addition to these traditional activities, organized crime has corrupted port employees to facilitate other criminal activities. These include access to cargo shipment and storage areas, security for the movement of contraband, such as narcotics, falsification of invoices and shipping documents in insurance scams, and collusion in the exportation of stolen property, such as luxury vehicles and construction equipment.

Cargo theft is another area of organized crime activity on the docks. Direct financial losses are only the most obvious consequence of cargo theft by organized crime. Hidden are such costs as increased insurance premiums, administration of cargo theft claims, delayed or lost sales, or carrier business, embargoes and interference with the flow of commerce, the threat of violence, injury and damage, diversion of cargo, relocation of

business, increase of prices and freight rates, loss of government revenue, and erosion of the competitive process. No federal, state or local government agency or industry trade association accurately monitors or records losses due to cargo theft from waterfronts and airports. The magnitude of the problem at the ports and carriers most targeted for theft are simply not known. Cargo losses are often absorbed as part of the cost of doing business.

The docks have long been a fertile ground for La Cosa Nostra. In 1937, New York La Cosa Nostra leader Albert Anastasia muscled into the six "Camarda" locals (named after the influence of international vice president Emil Camarda), and was soon, in former LCN soldier Joseph Valachi's recollection, "absolute ruler of the Brooklyn waterfront."<sup>16</sup> Under Anastasia, organized pilferage, strike insurance, kick-backs, and loansharking on the piers reached unprecedented levels.<sup>17</sup> A grand jury investigation in 1940 also revealed that several hundred thousand dollars were missing from the treasuries of the six locals. This state of affairs continued year after year, and became a source of concern and embarrassment for the labor movement and government.

The American Federation of Labor (AFL) expelled the ILA on September 23, 1953, by a vote of 79,079 yeas to 736 nays. The Executive Council of the AFL-CIO subsequently explained the expulsion order as follows:

This action, severing an affiliation of 60 years, was taken because of public disclosures of crime and corruption on the New York waterfront, which established that the ILA had permitted irresponsible, corrupt and criminal elements to fasten themselves upon the body of the organization and destroy its integrity, its effectiveness and its trade union character and because the ILA, despite repeated warnings by the AFL Executive Council to clean house, stubbornly refused to rid itself of corrupt elements and to take other corrective action necessary to a fulfillment of its responsibilities as a labor organization worthy of affiliation with the AFL.<sup>18</sup>

Racketeers prospered during the 25 year tenure of Joseph P. Ryan as president of the ILA. Ryan pursued a passive policy toward the locals, and spent most of his time fraternizing with shippers and Tammany Hall politicians.<sup>19</sup> Ryan "retired" shortly after the AFL had expelled the union, became president emeritus, and was granted an "irrevocable" annual pension of \$10,000, despite the fact that he was then facing an indictment on charges of misappropriating union funds.<sup>20</sup> However, the AFL-CIO's attempt to found a new longshoremen's union failed, and the AFL-CIO in 1959 accepted the return of the ILA into the membership of the Federation.

Throughout its history, the international has done little, if anything, to disturb La Cosa Nostra influence in its locals. Albert Anastasia eventually put his brother, Anthony "Tough Tony" Anastasio, in charge of Local 1814,<sup>21</sup> one of the largest in the ILA.<sup>22</sup> Anastasio's son-in-law, Anthony Scotto, became president of Local 1814 after Anastasio's death in 1963. Scotto also became a capo in an organized crime family that had been run by Albert Anastasia until his murder on October 25, 1957. It was

then taken over by Carlo Gambino with the help of Vito Genovese. It was through the assistance of Michael Clemente, a soldier in the Genovese crime family, that Scotto was made the head of Local 1814 in 1963 at the age of 28, a member of the Gambino family, and an ILA vice president.<sup>23</sup>

Clemente was president of ILA Local 856 in Manhattan until his convictions in 1953 for extorting money from waterfront employers and committing perjury before the New York State Crime Commission. Although he was barred from holding union office by the Waterfront Commission because of his criminal convictions, Clemente nevertheless influenced the Manhattan piers for the Genovese family in much the same way that the Gambino family controlled the Brooklyn waterfront. Anthony Anastasio, a member of the Gambino crime family and a nephew of Albert Anastasia and "Tough Tony" Anastasio, served as an executive vice-president of Local 1814 during Scotto's tenure as president of that local.

In the late 1960's the firm hold of the organized crime on the New York and New Jersey docks continued, but allocation of these docks between criminal groups continued to change. The lower Manhattan piers were under the solid influence of the Genovese family through ILA Local 1804-1 and George Barone, who served in various union positions, including international second vice president, organizer for the Atlantic Coast District, president of Local 1922 in Miami, and business agent for Local 1804-1. The declining steamship line piers in upper Manhattan

were ceded to waterfront old-timers, such as Al Ackalitis. In Brooklyn and Staten Island, the Gambino family and Joey Gallo's gang each had their own piers, each organized by so-called "pocket locals." The Newark and Bayonne, New Jersey, docks were "owned" by Tino Fiumara, soldier of the Genovese crime family.

The leadership of the international was subject to these influences. Since 1963, when he was elected ILA president, and prior to that time as a lesser ranking ILA official, Thomas Gleason has been in a position as delicate as that of the succession of Teamster presidents explored later in this report. Waterfront racketeers Sonny Montella and Thomas Buzzanca described Gleason's position as follows:

Montella: Although Teddy, between you and me, Teddy is still Irish. You understand? He joined forces because he got no choice.

Buzzanca: When he sees the handwriting on the wall . . . Teddy is number one. First, he - he likes money. Second of all, he wants to be around and, third of all, he's Irish. If he could be Irish first and have the other two fine, but if he can't, he's Irish third.<sup>24</sup>

In this conversation Buzzanca clearly suggests that a desire to stay alive influences Gleason's actions. For many reasons it is apparent that the ILA's membership cannot look to its leadership for assistance in removing organized crime.

The almost unfettered control exercised over the New York-New Jersey waterfront by organized crime has expanded to

other ports. Perhaps the chief, and most unfortunate, legacy of the early gangster years is a tradition of crime on the waterfront, and its acceptance as an unavoidable fact of life by the labor movement, longshoremen, shipowners, and government personnel. Due to this pervasive problem the federal government mounted a significant effort to break the hold of organized crime on the docks.

#### The UNIRAC Investigation and Its Aftermath

UNIRAC, the FBI's acronym for its investigation of union racketeering in ports on the Atlantic and Gulf coasts, was an extensive investigation, which began in 1975 and focused on waterfront-related activities at ports in New York City, Miami, Wilmington, Charleston, and Mobile. Through its undercover agents working on the docks, electronic intercepts, and consensual recordings, the FBI established the existence of racketeering enterprises, which controlled waterfront businesses and extorted money from businessmen seeking work and servicing in the Port of New York-New Jersey and elsewhere, principally through its control of the ILA locals.

As of February 1981, the UNIRAC investigation had resulted in 129 indictments and 117 convictions. It had involved more than 100 FBI agents working full-time on the case. Those convicted included 52 union officials, nine of whom were

organized crime members or associates, management officials and corporations, and other members or associates of organized crime families. Sentences ranged from probation to 25 years in prison and fines of up to \$75,000.<sup>25</sup>

UNIRAC proved that Anthony Scotto and Anthony Anastasio, two of the more prominent ILA officials convicted of labor racketeering, used their positions to demand labor payments from waterfront businesses for the "privilege" of doing business on the waterfront. Scotto was so well-connected that the persons subpoenaed to appear as character witnesses at trial included Hugh Carey, the Governor of New York, former New York City Mayors Robert Wagner and John V. Lindsay, a New York State Supreme Court Justice, and Lane Kirkland, then secretary-treasurer of the AFL-CIO, now its president.

Scotto epitomizes the quintessential modern racketeer and an unbroken line of La Cosa Nostra control and domination. In a consensual recording on September 12, 1978, Clemente described Scotto's role as union officer, politician and capo on the Brooklyn waterfront:

The guys that sent me the money were Vito [Genovese] and Joe Profaci, the old guy. They were sending my wife the money. Otherwise, she wouldn't have nothing. I come home, the other guy's [Albert Anastasia] dead. And the other cocksucker [Anthony Anastasio], I come home and he went to the waterfront said that I was going to take over the Brooklyn. That's when his brother [Albert] got hit. Then I had to promise them not to put the nails to his fuckin' coffin. Stool pigeon rat. That's when Anthony [Scotto] come to see

me: Hey Mike, I hope you don't put me, pass me, like my father-in-law [Anthony Anastasio]. . I said Anthony, you prove you're a man, you're a man, you're a button. They made him a wise guy. Then they made him a captain. Hey, I got a politician that they made a wise guy.<sup>26</sup>

Scotto's high position in the La Cosa Nostra and control of a union local, with total reported assets of \$1,423,229<sup>27</sup> and approximately 5,000<sup>28</sup> members gave him easy and notorious access to public officials in New York. Scotto and Anastasia were eventually convicted of receiving numerous unlawful payments totalling more than \$300,000 from employers of ILA members. The employers made these payments to Scotto for several reasons: to try to reduce the number of allegedly fraudulent and exaggerated accident claims filed by ILA members against their employers; to prevent the loss of waterfront-related business; and to secure additional business in exchange for the payments to Scotto.

Genovese family members Michael Clemente and Tino Fiumara, in another UNIRAC-related trial, were shown to have directed the operation of a racketeering enterprise through their control and influence over local union officials and international officials.<sup>29</sup> The enterprise run by Clemente and Fiumara at docks in Manhattan and Newark was a classic scheme of extortion. Its victims were the steamship lines and other waterfront businesses that employed ILA members. Capitalizing on the fear of economic injury from adverse union activity - work stoppages, disputes over procedures and manning requirements, and intentional low productivity - the defendants were able to extort money for labor peace and to control the allocation of waterfront

business. In denying motions of defendants for bail, United States District Judge Leonard Sand, who presided at the trial, commented that the evidence at trial demonstrated that the unlawful enterprise involved was "'an unholy alliance' between organized crime and the ILA."<sup>30</sup>

The last convictions resulting from the UNIRAC investigation occurred in 1981. UNIRAC was a very successful operation demonstrating law enforcement skill and tenacity. However, since that time, only sporadic waterfront investigations and convictions have occurred. While the resounding success of UNIRAC with its resulting prosecutions and convictions is widely acknowledged, knowledgeable law enforcement and maritime industry officials contend that racketeers still control port activity along the Eastern seaboard.

After the UNIRAC investigation concluded, active law enforcement intelligence gathering vigilance at the ports diminished dramatically. The government lost any opportunity to maintain pressure on the waterfront racketeers by resorting to essentially civil measures during that critical time when the corrupt ILA structure was under severe attack as a result of UNIRAC indictments and convictions.

Inequities in the prosecution and sentencing of individuals convicted of the same crime, or those whose crimes were perpetrated in collusion, account for some of the "business as usual" syndrome at the ports. The Landrum-Griffin Act bars convicted union officer from holding union office. A management official equally guilty of willingly taking bribes or kickbacks, on the other hand, usually continues in the same company position, once released from prison or even while in jail.

The relationship between ILA union officers and employers has frequently been mutually beneficial. Some convicted union officers have gone back to the ports working for industries closely associated with the port, thus enabling them to circumvent the provisions of the Landrum-Griffin Act. Anthony Anastasio, for example, the former high-ranking ILA official who was convicted along with Anthony Scotto, had worked for a marine engine repair company. Because of his organized crime connection and the grip on the industry that he and the family exercised in the past, even this indirect association with the port may be cause for substantial concern.

One individual who had been convicted returned as a service provider to the same health and welfare fund with which he had been associated. In sum, at least 34 of the 117 persons convicted as a result of UNIRAC returned to the industry in either an indirect or direct capacity.

As a postscript to UNIRAC, ILA President Teddy Gleason protested that the ILA was unable to prevent or discover criminal activities by its officials:

What may be noticed is that two groups of officials in two ports failed their duty. They have been proceeded against and are now under sanction. This is well and as it should be.

The suggested failure of the union and myself to discover and correct this situation early on must be matched against the sophisticated, five-year investigation of the Department of Justice at the expense of millions of dollars, which was necessary to develop the cases against these individuals.<sup>31</sup>

#### The ILA Today

In 1983, the most recent year for which we have statistics, the ILA consisted of 271 American and 30 Canadian locals, with a total membership of approximately 69,000 men and women<sup>32</sup> -- approximately 55 percent of the membership in the ILA's peak year, 1968 (125,000 members)<sup>33</sup>. At the end of calendar year 1983, the union had net assets valued at \$28,981,685, and cash receipts in excess of \$50,000,000.<sup>34</sup>

The structure of the ILA is such that all principal officers of local unions are also officers of the international. During the year ending December 1983, the international expended \$1,528,701 in gross salaries, \$122,595 in allowances, and \$95,441 in reimbursed expenses for a total disbursement to officers of \$1,746,737. The ILA's structure allows an interlocking directorate of individuals who are handsomely paid. A computer

analysis of salaries and disbursements for the international, the New York District Council, the Atlantic Coast District and 12 locals, conducted at the Commission's request by the Department of Labor, indicates that 42 individuals occupy 97 union official positions. Some officers hold as many as four positions. Ten officers received in excess of \$100,000 from several union entities where they hold official positions, as well as reimbursement for expenses and an allowance, which appears to be no more than additional salary. For example, Donald Carson held four union positions in 1983 and received over \$179,000 from all four in salary, allowances and expenses. Similarly, J. Collozza received over \$146,000 in salary, allowances, and expenses for three positions he occupied.<sup>35</sup>

In early 1985 Commission staff conducted interviews at ports in New York, New Jersey and Miami to assess the present state of racketeering activities on the waterfront and to investigate the activities of those who were convicted as a result of the UNIRAC investigation. That any racketeering occurring in these two ports has a nationwide impact is demonstrated easily and convincingly by the value of the cargo going into and out of those ports. For example, during 1982, the Port of New York-New Jersey processed \$42.2 billion worth of oceanborne freight, \$5 billion more than the nation's second ranking port.<sup>36</sup> With respect to the North Atlantic ports, the Port of New York-New Jersey's share of oceanborne general cargoes increased between 1981 and 1982 from 45.8 percent to 47.3

percent.<sup>37</sup> Finally, the Port of New York-New Jersey handled more than twice as much containerized cargo in 1982 as the next ranking port and in excess of 19 percent of all containerized cargo nationwide.<sup>38</sup>

### The Port of New York-New Jersey Today

Like ILA membership nationwide, ILA membership in the Port of New York-New Jersey has also declined. At one time union membership was in excess of 20,000; in 1985 the membership is approximately 11,000.<sup>39</sup> Even though many of the current members of the New York-New Jersey ILA locals do not work full time on the piers, they receive a guaranteed annual income ("GAI") under the contract now in effect. Management agreed to GAI in return for union acceptance of automation (containers) and for a reduction in crews from 21 to 18 longshoremen.<sup>40</sup>

PCOC's investigation of the ILA unions associated with the New York Harbor indicates that Locals 1814 and 1804-1 remain firmly under the control of the Gambino and Genovese families, while the Gambino family controls the international union. The officers convicted in UNIRAC have been replaced, but the system remains in place. Joseph Kenny, related to former 1804 president who was part of James Cashin's group, is now president of 1804-1 as well as secretary/treasurer of ILA's New York District Council and an international vice-president. UNIRAC convicted racketeers

James Cashin and Thomas Buzzanca each have been rewarded with a lifetime annuity of \$25,012 from the local. George Barone, another convicted racketeer also receives a lifetime annuity of \$22,516. These annuities are paid from general union funds and are in addition to monies that Cashin, Buzzanca, and Barone will receive from the ILA pension fund.<sup>41</sup>

Despite the success of UNIRAC the Genovese crime family continues to maintain a firm hold on the New Jersey waterfront through one ILA leader. A series of conversations intercepted by the FBI during 1981 and 1982 in the office of a member of the Genovese crime family illustrates La Cosa Nostra's continued influence on the ILA and the shipping industry. This member made clear to a current ILA international vice president that the vice president and the New Jersey waterfront were wholly owned by the Genovese family:

Member: I found the waterfront...Nobody has it but me. I won't give it to nobody...I'm the only guy in the fucking mob that . . . I won't give it to nobody because they abuse it . . .

The same member discussed how the union official should conduct himself in public:

Member: You gotta stop your drinking pal... You got a good position here. I don't want you to act . . . fucking like a little baby in front of your men . . . I don't care about guys go out and the fucking shit and laying fucking broads.

V.P.: You don't have to tell me...

Member: Your men see you when you're fucking drinking . . . you don't know what the fuck you're

saying or what you're doing. . . you are somebody now. . . I don't want you to embarrass us!

V.P.: I did embarrass myself. I know.

Member: ...us!

Finally the vice president urged the member to knock someone off the list of union members receiving GAI, normally something within the union officer's control.

V.P.: All we have to do is knock him off... There is no other way to do it... The GAI don't ever concern itself with the GAI...they can't get GAI... There's no way in hell he can get GAI.

Member: I, I don't care about that, look, look...

V.P.: You just tell me what you want me to do...

Member: Look, look....

V.P.: Knock him off or...What do you want to do.

Member: I don't know...That's a job for Bobby.

Finally, the member discussed the payoffs demanded by La Cosa Nostra.

V.P.: What Burt told me....

Member: Oh yeah. Tell me about that.

V.P.: He says, I don't know, he's supposed to be 3, 35 coming, coming here.

Member: 35 hundred?

V.P.: A month. He says you give...this to George. And George is supposed to give whatever....

Member: One third of whatever they're paying you. I told you that a long time ago.<sup>42</sup>

The presidency of Local 1814 passed from convicted racketeer Anthony Scotto to Frank Lonardo. Lonardo is related by marriage

to convicted racketeer Anthony Anastasio. Prior to assuming the presidency of Local 1814, Lonardo was the administrator of ILA's Health and Welfare Fund as well as the Metropolitan Marine Maintenance Container Association. He was paid \$19,447 a year as administrative assistant of Local 1814 under Scotto. In the latter part of 1980, after Scotto's conviction, Lonardo was appointed by the executive board, not elected, to the presidency of Local 1814, and in 1981 received a salary of \$132,294.<sup>43</sup> A review of the reports filed by the local with the Department of Labor indicates that 21 of the 23 officers in 1983 had also served during Anthony Scotto's reign.

Several individuals convicted of labor racketeering in the Port of New York-New Jersey have returned to the port in other than union capacities, perpetuating the influence of organized crime at the port notwithstanding the success of UNIRAC. For example, Anthony Anastasio has been employed by the Maritime Employees Benevolent Association (a union) as a researcher since his release from prison. Anastasio has been an officer of Nodar-Pump Repair Company, an entity which does business with the shipping industry. It is not regulated by the Waterfront Commission because it is located more than 1,000 yards from the port.

Thomas Buzzanca, former officer of Local 1804-1, is a sales representative for Ozite Chemicals, which supplies industrial chemicals to the shipping industry. Ozite Chemicals is owned by

James Cashin, the father of Patrick Cashin, who was welfare director of the Metropolitan Marine Maintenance Container Association. Vincent Marino, who is the former president of Marine Repair Services, is still active in ports outside of the New York-New Jersey areas from which he was barred.

Traditionally, as mentioned, the Genovese crime family, through Local 1804-1, ran the Manhattan and New Jersey waterfronts, while the Gambino family, through Local 1814, had the Brooklyn docks. There appears to be one exception to this coterminous union-organized crime jurisdictional boundary. In 1979 Brewer Dry Dock Company, then located in Staten Island, New York, was sold to Jackson Engineering Company, which moved its operations to New Jersey. Jackson then signed a collective bargaining agreement with ILA Local 1814, even though its employees had long been represented by Local 17 of the Marine and Shipbuilding Workers of America. Jackson's employees received reduced wages, while the company paid off Anthony Scotto, president of Local 1814.<sup>44</sup>

Jackson Engineering was the first instance of an ILA local representing dry dock employees, as well as the first incursion of Local 1814 into New Jersey. The real significance of these events is the precedent they have set for the ILA's representation of dry dock workers in the future, and perhaps for the new U.S. naval base to be established on Staten Island, New York.

Most states do not have the type of licensing authority that New York and New Jersey have established in their Waterfront Commission to bar employers from operating on the waterfront. However, there are limitations in the bistate compact that established the Waterfront Commission in 1953 which have kept it from being as successful as it might be. For example, container repair companies and shipping management companies that conduct their business more than 1,000 yards from an active pier are not covered by the Waterfront Commission's investigative or licensing authority. In addition, employer organizations are excluded from coverage. Only active piers are covered by the compact, although so-called "inactive" piers are still used by ships for tie-down or repairs. Because union labor is used in those activities outside the coverage of the compact, many opportunities could exist for extortion, kickbacks, and use of ghost employees in the assignment of longshoremen to these "inactive" piers. In addition, the Waterfront Commission lacks the authority to license all entities involved in the movement of waterborne cargo.

#### Organized Crime's Reaction to Technological Change

The advent of containerization led to the creation of new port facilities, the abandonment of others, and opportunistic actions by Anthony Scotto, which gave the Gambino crime family a monopoly on Brooklyn's docks and gave Scotto a substantial

portion of the container repair business on Staten Island.<sup>45</sup>

In the late 1960's ILA members consisted of "deep sea labor," container maintenance and repairmen, and warehousemen, the latter representing the bulk of the membership. Despite their fewer numbers, deep sea labor, which off-loaded bulk cargo, provided the leverage for extortion by organized crime by preventing shippers from unloading their cargoes; containerization changed that. The container maintenance and repair trades now provide organized crime's stranglehold on the industry.

Initially, it was believed that container port facilities could be successful only if they were situated on large tracts of land -- little of which was available in Manhattan, Brooklyn, or Hoboken. The Port Authority of New York elected to develop container ports at Howland Hook, Staten Island and Port Elizabeth, New Jersey. Under Scotto, Local 1814 saw its power base diminishing because cargo began to be shipped by container through facilities at which Local 1814 apparently had no presence. Since deep sea labor was not essential to the unloading process, Local 1814 has grown larger by absorbing the other ILA "pocket locals" on Brooklyn's piers. In this way, 1814's membership expanded to include container repairmen, riggers, and warehousemen, and hence obtained entry into the container trade. As the volume of container cargo through Staten Island and Port Elizabeth increased, the ILA's Staten Island Local 920, which

consisted mostly of deep sea labor, was forced to turn to Scotto and Local 1814 to find jobs.

As the container segment of the industry increased, convicted racketeer Vincent Marino, made a small investment in a container repair company known as Marine Repair Service. The company then became highly profitable because of business steered to it from specific piers in Brooklyn and Staten Island. During this time, Gambino family capo Thomas Bilotti, a convicted felon, ostensibly was employed at Marine Repair in a facility located about 1,010 yards from the nearest active pier. In this way Bilotti circumvented Waterfront Commission regulations, which excluded convicted felons from employment within 1,000 yards of an active pier.

The Trade Association and the Union: Metropolitan Marine Maintenance Container Association

Organized crime continues to display an adaptability to technological innovation on the waterfront. In the early 1970's, as the "finger piers" on Manhattan's conventional docks were closing down, the Howland Hook terminal in Staten Island emerged as one of the East Coast's premier container facilities.

Before the advent of containerization the Metropolitan Marine Maintenance Container Association (MMMCA) had been since its incorporation in 1947 an insignificant trade association.

The importance of the MMMCA, however, increased with the expansion of containerization and the growing prominence of Howland Hook.

MMMCA's ostensible purpose is to promote and regulate maintenance, ship repair, and cleaning, as well as general longshore and maritime work on the piers. Over the years, its functions have increased to include lashing and cargo container repair work. Its activities have generally been restricted to the Port of New York-New Jersey. MMMCA acts on behalf of its management associate members in contract negotiations with various ILA locals. Membership, based solely on a decision reached by the MMMCA executive board, entitles a company to labor from ILA locals 1814 and 1804.

The MMMCA is also entrusted with the administration of various union pension, welfare, and other benefit funds on behalf of its associate members and the members of the ILA. The revenue for the administration of the funds is generated through an assessment made against each member of the association and is based on the collective bargaining agreement with the ILA. All funds are administered, at least in part, by the MMMCA. Those which are jointly administered by the MMMCA and the ILA have designated representatives of the MMMCA and ILA assigned to each fund.

In 1975 the MMMCA's collective bargaining agreement with the union required member companies to contribute to the MMMCA 2 percent of all gross earnings of workers, "to cover administrative costs of the employee benefit funds." The MMMCA claims to be a tax-exempt corporation for federal income tax purposes. Its reported income, consisting of the 2 percent surcharge paid by the container industry, has annually brought in over \$900,000.

Since 1975 MMMCA members have been faced with the choice, presented by the contract itself, of making the 2 percent payments or being denied labor from Gambino and Genovese family-influenced ILA locals. The collective bargaining agreement between the ILA and the MMMCA provides for informing the entire industry that a member company has not lived up to the agreement (including payment of the 2 percent surcharge) with these words:

Any contractor who has signed this master agreement who does not live up to terms of this agreement shall be declared and considered by reason thereof to be non-union, and the union shall have the right to publish to the other contractors and to the shipping industry generally such facts. The union agrees that the association shall not sign any agreement with any advantage over any other contractor signed to this master agreement.

This provision ties the hands of non-MMMCA members in the type of agreements they can negotiate with the ILA. Even nonmember companies cannot do business under terms more favorable

than those set by the ILA and the MMMCA. In practice, any company which the MMMCA declares to be "nonunion" has little prospect of doing business in the Port of New York-New Jersey.

In 1975 the Employee Retirement Income Security Act (ERISA) became effective. ERISA reaffirmed in federal law long existing obligations of trust imposed upon labor trust fund trustees and managers, "the highest known to the law." ERISA also requires labor organization trust funds to make annual public disclosures of their financial operations. ERISA permits the Secretary of Labor to take action to preserve the integrity of such trust funds. Intentional diversion of ERISA fund assets may be prosecuted as criminal embezzlement. Normally, the expenses of fund administration are borne by the pension and welfare funds directly. Administrative expenses can be used as a means to siphon off fund contributions intended to be used to pay benefits to union members.

In 1981 MMMCA, with the approval of the ILA, subtly altered the nature of the 2 percent charge for administering the employees benefit fund. The new agreement continued to require a contribution of 2 percent of all employees' salaries covered by the agreement, but it now characterized this fund as unrelated to the benefit funds. By the expedient of dropping the phrase "employee benefit funds" and creating a separate management "administrative fund" the MMMCA may have sought to avoid the liabilities and controls of ERISA. This labeling of integral

operational functions of the MMMCA's trust funds may have been an attempt to shield the disposition of administrative fund contributions from ERISA scrutiny, since MMMCA has taken the position that the management of the administrative fund is not covered by any ERISA fiduciary obligations.

The Commission could not identify this type of employer association, with mandatory membership and jointly administered funds in any other ILA locals. The close ties between local union officers and members of MMMCA raise the question of whether MMMCA is influenced by the New York area ILA locals. In other ports, jointly administered funds are typically placed with private professional administrators.

Finally, MMMCA and the local union with which it has a bargaining agreement have very close ties through blood relationship and employee exchanges. Bert Guido, a president of the MMMCA, directly or indirectly controls, through financial interests, a high percentage of many maintenance companies doing business at New York Harbor. The two executive directors of MMMCA, Thomas Eagleton and Robert Colozza, have close working relationships with ILA Locals 1804 and 1814. Convicted racketeer James Cashin's son, Patrick, was MMMCA welfare director. Frank Lonardo, the current president of Local 1814, was MMMCA pension director. John Anastasio, former vice-president of Local 1814 and son of Anthony Anastasio, replaced Frank Lonardo as MMMCA pension director. Joseph Colozza, vice-president of Local 1814-2

and former executive director of the MMMCA/ILA pension fund, is the brother of Robert Colozza, the present MMMCA executive director. Since UNIRAC, MMMCA has continued its operations and has even increased its responsibilities in the area of health and welfare fund administration.

The MMMCA operates in an industry with a long history of influence by organized crime, a blurred distinction between management and labor, and an interchangeability of personnel, which can be explained by blood or organized crime family ties. These circumstantial, telltale signs of the mob's presence were confirmed when the FBI intercepted a conversation involving Paul Castellano, deceased boss of the Gambino crime family, Thomas Bilotti, deceased family capo, and Thomas Gambino.

In a 1983 electronically intercepted conversation, Castellano reminisced that: "In my first year that the longshoremen's union was theirs [the Genovese family] ... we [the Gambino family] had Brooklyn." Carlo Gambino once suggested to Castellano to "give the International presidency to ... Anthony Scotto." Bilotti then raised the issue of "the beef with ... Metro Marine" and the following conversation ensued:

Bilotti: They made a split that time. With the Metro. But everything in Jersey and New York moved over to Staten Island.

Castellano: Because I made this. . .made this law. But all of a sudden that gave. . .they split it up. . .so finally I marked it up.

Half's for me [the Gambino Family] and half they [the Genovese family] took over there. . . Anthony [Scotto] took it for himself.

This and other intercepted conversations disclose an essential difference in the roles of Bilotti and Scotto in influencing the docks for the Gambino crime family. Scotto was Castellano's approved choice for the presidency of the ILA:

We respected him . . . it was our union. We were making him advance in our union. Go up, up, up . . . the ladder. And what it was, what's gonna happen, we're gonna have a president.

UNIRAC terminated Castellano's presidential aspirations for Scotto. Bilotti's role on behalf of the Gambino family was to protect the new containerization jobs at Howland Hook from encroachment by Local 1804 and the Genovese crime family. To resolve the matter, Bilotti had a meeting with convicted UNIRAC racketeers George Barone, Jimmy Cashin, and Doug Rago, where he remarked "we're . . . the control of this [MMMCA]."

Despite Castellano's support for Scotto, Scotto's entry into the Staten Island pier business threatened this rapprochement between families, which depended upon respect for Castellano for its success. Castellano knew that with "Anthony [Scotto] you always had to bargain," which led Castellano to tell him, "Tony, the sooner we stop this . . . it threatens the other thing just in terms of everything." Apparently, when the FBI and UNIRAC put Scotto out of business, this resolved a difficult internal problem for Castellano. Scotto was removed from a position which

permitted him to receive kickbacks not sanctioned by Castellano. The arrangement between the Genovese and Gambino families was therefore secure.

Finally, and apart from MMMCA, traditional waterfront corruption continues. Jobs continue to be sold on the waterfront. This reflects general as well as organized crime corruption. Nonunion members have paid as much as \$2,500 to be allowed to use the union card of a member who is not currently working in the industry. "Turf" ownership is ingrained at the ports, with vendors paying those in control to sell their products even though they may be properly licensed by the city to sell on public property. Loansharking, gambling, and bribes to obtain jobs are still prevalent in the Port of New York-New Jersey. False invoices, reflecting movement of nonexistent containers, or which show that companies are charged by owner-operators for the movement of containers that the company itself transported, are used to generate money for payoffs. Further investigation also revealed that several stevedore and dock employees earn between \$70,000 to \$100,000 per year. These high-paid workers are close associates of union officers and organized crime figures and help maintain control and enforcement for organized criminal activities at the port.

The Port of Miami Today

PCOC's investigation of the port of Miami shows that problems exist as they did several years ago, although on a somewhat smaller scale. The primary ILA locals at the port of Miami are 1922, 1922-1, and 1416. Despite the convictions of George Barone, James Vanderwyde, William Boyle and Cleveland Turner, racketeers who went to jail as a result of UNIRAC, others who were part of their power structure assumed the leadership of the locals upon their forced departure.

In the case of Local 1922 and 1922-1, four officers assumed what had previously been positions held by six individuals. Arthur Coffee was elevated from vice-president to president. Douglas Rago, continued as vice-president. Cornelius Vanderwyde, James's son, assumed the position of secretary/treasurer, which William Boyle had held.<sup>46</sup>

Although Local 1416's president, Cleveland Turner, went to prison, the leadership of Local 1416 from pre-UNIRAC days remains intact. Clarence Pittman, Jr., was promoted from vice-president to president. Willie J. Hunter, a former part-time employee of the local, who in 1982 earned \$1,100, was promoted to vice-president at a salary of \$59,859. Nathaniel May continues as financial secretary and received a salary increase in excess of \$20,000 for a total salary of \$88,223.<sup>47</sup> These individuals

were instrumental in assuring that Cleveland Turner received a life annuity from Local 1416 funds in excess of \$25,000 per year--above and beyond the \$850 monthly retirement annuity from his ILA pension.

The Commission also found that ILA Local 1922 provided Coordinated Caribbean Transport (CCT) (headed by UNIRAC convict Hector Calderon) a contract as the exclusive union "consolidator" at the Miami International Airport. This contract provides that all other consolidators or freight forwarders at Miami International Airport must utilize CCT for consolidation of cargo with union labor for transshipment from the Port of Miami to overseas locations. This exclusive contract provides the opportunity for the generation of funds to pay off union officers in the same manner that Frank Arevalo of Twin Terminals Service, Inc. did during the 1970s.<sup>48</sup>

According to several company security officials at the Miami port, theft of electronic equipment and containers of goods has increased since the UNIRAC investigation. The thefts have all the markings of an organized, sophisticated operation. According to company officials and security personnel knowledgeable about the shipping industry, most of the more significant thefts could not have occurred without inside information or collaboration.

The Commission also found that Miami ILA employees pay union officials or their representatives to be able to work the

required 700 hours annually to be vested for a pension, or to work at all.

Joseph Teitelbaum, a key witness in the UNIRAC investigations, told the Commission that he has been informed by management officials that certain companies are still paying off the union to work with "short crews." A "short crew" is one with less than the required number of employees dictated by the contract between employers and the union. To confirm Teitelbaums's information, the Commission selected two companies at random for an audit to determine if short crews were allowed on breakbulk and container cargo vessels. The audit revealed that one of the companies was, in fact, allowed to work with a short crew on both breakbulk and container cargo vessels. The savings afforded by this "privilege" amounted to \$1,093.30 for a nine-hour period on container cargo. The savings on breakbulk cargo from using short crews of checkers and longshoremen amounted to \$746.40 for an eight-hour shift. If this practice exists industry-wide, the savings for a company whose management is willing to pay off union officers for the advantage of using short crews are enormous.

After UNIRAC a proposed security ordinance for the Port of Miami was presented to the County Commission for consideration. This ordinance was intended to control the activities at the port and minimize pilferage and theft, as well as other illegal activities, such as gambling and narcotics trafficking. When the

County Commission scheduled a vote on the proposed ordinance, the ILA bussed over 1,000 members to the Commission's hearing.<sup>49</sup> The ILA threatened to close the port if the ordinance was passed. At a later date, a much weaker ordinance was passed, which at best controls ingress and egress at the port. The security force has no police powers and all criminal investigations must be conducted by the Dade County Public Safety Department, which has only one detective to coordinate port security.

#### After UNIRAC - Still Corrupt Practices

As a result of its own investigations, PCOC has concluded that the Senate Permanent Subcommittee on Investigations' pessimistic assessment concerning racketeering activities in the nation's ports in 1984 was prescient:

But UNIRAC, for all its successes, did not rid the waterfronts of all crime or all criminals. Corrupt practices. . . already have begun to return to the Atlantic and Gulf Coast docks. What is needed, then, is continued scrutiny of the maritime industry by government agencies.

UNIRAC notwithstanding, life on the docks today remains much as it was in pre-UNIRAC days.

FOOTNOTES

<sup>1</sup>Court authorized electronic surveillance intercepted on May 31, 1983.

<sup>2</sup>Waterfront Corruption: Hearings before the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs, 97th Cong., 1st Sess. 484 (1981).

<sup>3</sup>D. Dubinsky and A. Raskin, David Dubinsky: A Life With Labor 164 (1977).

<sup>4</sup>D. Bell, The End of Ideology 182 (Rev. ed. 1962).

<sup>5</sup>See D. Bell, supra note 82, at 183-87.

<sup>6</sup>J. Hutchinson, The Imperfect Union 98 (1970).

<sup>7</sup>D. Bell, supra note 82, at 184. Bell noted that peace among loading bosses was established in the thirties with the formation of Varick Enterprises, Inc., a sort of mob cooperative from which the gangs derived a percentage of the total profit on all the piers.

<sup>8</sup>Theft continues to be a serious problem on the waterfronts of this country and is so great that shipping and stevedoring companies are required to pay substantial premiums for insurance coverage. For example, the Neal Harrington Company, a stevedoring concern, has an insurance policy that provides for a \$30,000 deductible for theft losses; there is an incentive for the company not to report such losses because its insurance premiums might otherwise be increased.

No reliable statistics concerning industry-wide pilferage or theft losses exist. Companies in the shipping industry do not keep a record of losses by category, e.g., theft, breakage, etc. There is some support in the industry for legislation that would require shipping companies to record and/or report theft losses, as is now presently required of the trucking industry.

Despite the lack of industry-wide statistics concerning losses from theft, the experience of a single shipping company, which was reported to the Commission, may suggest the magnitude of the problem. The Mersk Line pays out in excess of \$700,000 a year for losses of all kinds.

<sup>9</sup>For background information on the waterfront work force, see H. Nelli, The Business of Crime 109-110 (1976).

<sup>10</sup>v. Jensen, Strife on the Waterfront 100 (1974).

<sup>11</sup>See H. Nelli, supra note 7, at 245-246.

<sup>12</sup>v. Jensen, supra note 8, at 100.

<sup>13</sup>Id.

<sup>14</sup>The "kick-back" is arguably an instance of labor racketeering. Though practiced by union officers, the racket stemmed from the union's almost complete control--perhaps unique to the waterfront over-hiring. That is, the misuse of "union" power here was in the role of employer.

<sup>15</sup>New York Times, May 27, 1979, §4, at 7, col. 1.

<sup>16</sup>p. Maas, The Valachi Papers 206 (Book Club ed. 1968).

<sup>17</sup>H. Nelli, supra note 7, at 247.

<sup>18</sup>Report and Recommendations of AFL-CIO Executive Council Committee August 17, 1959, p. 499, reprinted in Waterfront Corruption: Hearings Before the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs, 97th Cong., 1st. Sess. 435 (1981) (Statement of Marty Steinberg, Minority Chief Counsel, PSI) [hereinafter Waterfront Corruption Hearings].

<sup>19</sup>See J. Hutchinson, supra note 4, at 99-104 (1970). Ryan's political connections shielded the waterfront from government scrutiny, and contributed to the lawlessness, or "warlord" atmosphere, reported by Bell. D. Bell, supra note 82, at 191-192, 194-195.

<sup>20</sup>Waterfront Corruption Hearings, supra note 18, at 435; New York Times, November 19, 1953, p. 1, col 4, p. 27, col. 3.

<sup>21</sup>p. Maas, supra note 99, at 249.

<sup>22</sup>In addition to his presidency of local 1814, Anthony Anastasio became an international vice president of the ILA. By 1956, because of the mergers of several Brooklyn locals, Anastasio exercised control over 24% of ILA's total membership. V.W. Peterson, The Mob 293 (1983). There was a subsequent consolidation of various locals into 1814 in April of 1978; the locals involved were:

Local 9 (Sugar Refiners)  
 Local 1958 (Carpenters)  
 Local 976-4 (Marine Terminal and Warehouse Workers)  
 Local 1277 (Ship Scalpers, Waste Maintenance, and Scrap Iron Workers)  
 Local 1277-1 (General Maintenance)  
 Local 1702 (Waterfront and Factory Workers)  
 Local 1814-1 (Refined Syrup and Sugar Workers)  
 Local 1814-2 (Industrial Workers)  
 Local 1827 (General Plant and Factory Workers)  
 Local 1957 (Chemical Workers)

The consolidated local was then broken into four divisions: longshoremen; maintenance; sugar workers; and industrial workers.

<sup>23</sup>S. Rep. No. 369, 98th Cong., 2d Sess. 50 (1984).

<sup>24</sup>Conversation intercepted at Ponte's restaurant on December 12, 1978 in New York City.

<sup>25</sup>For a complete listing of convictions and sentences, see Appendix II to this Report.

<sup>26</sup>Waterfront Corruption Hearings, supra note 16, at 257-258.

<sup>27</sup>As of December 31, 1983, as reported on the local's Labor Department form LM-2 for the year 1983.

<sup>28</sup>New York Times, July 24, 1981, §B, pp. 1, 2, col. 1.

<sup>29</sup>Thomas Buzzanca (president of Manhattan Locals 1804 and 1804-1), Vincent Colucci (international vice president, vice president of the Atlantic Coast District, president of Newark Local 1235, and secretary-treasurer of Newark Local 1478-2), and Carol Gardner (international assistant general organizer, vice president of the Atlantic Coast District, and president of Newark Local 1233).

<sup>30</sup>Waterfront Corruption Hearings, supra note 18, at 298 (statement of Michael S. Devorkin).

<sup>31</sup>Id., at 459.

<sup>32</sup>L. Troy and N. Sheflin, U.S. Union Sourcebook 6-9 (1st ed. 1985).

33 Id.

34 ILA's Labor Organization Annual Report Form LM-2 for 1983.

35 Analysis of 1983 LM Reports by the Department of Labor OIG at PCOC's request, prepared on 5/29/85. The analysis was performed by Roger Seis, Computer Analyst.

36 Waterfront Commission of New York Harbor, 1982-1983 Annual Report at 4.

37 Id.

38 Id.

39 New York Times, April 28, 1985, § 11NJ, p. 8, col. 5.

40 Waterfront Commission of New York Harbor, 1982-1983 Annual Report at 5. The costs represented by GAI have escalated dramatically since it was first implemented. In 1967, a total of \$266,000 in salaries, vacation and holiday benefits was paid. In comparison, longshoremen in the Port of New York-New Jersey received \$79.7 million in 1983. The high operating cost of GAI in the Port of New York-New Jersey has adversely affected that Port's ability to compete with other ports for the business of shippers, and has discouraged employees from retiring and from transferring from being longshoremen to checkers. New York Times, April 28, 1985, § 11NJ, p. 8, col. 5.

41 International Longshoremen's Association Labor Organization Annual Report for the year ending December 31, 1983, Report #000-104, on file with the Department of Labor.

42 The identity of the participants in these conversations has been withheld at the request of the Department of Justice.

43 Labor Organization Annual Report for ILA local 1814 for the period ending December 31, 1981, Report #005978, on file with the Department of Labor.

44 Longshoreman's Local 1814 v. NLRB, - F.2d - (D.C. Cir. 1984).

45 See U.S. v. Scotto, 641 F. 2d 47 (2nd Cir. 1980).

46 Labor Organization Annual Reports for the year 1983, on file with the Department of Labor.

47 Labor Organization Annual Report for the year ending 1983, Report #037-086, on file with the Department of Labor.

48 Waterfront Corruption Hearings, supra note 18, at 136-140.

<sup>49</sup>Ray Havens, Chief Investigator, State Attorney's Office, Miami, Florida, in an interview with PCOC staff on December 13, 1984.

SECTION FOUR:

THE HOTEL EMPLOYEES AND RESTAURANT EMPLOYEES  
INTERNATIONAL UNION (HEREIU)

Someone else owns the international.

-Paul Castellano, former boss  
of the Gambino crime  
family.<sup>1</sup>

Aiuppa and Accardo [underboss and boss of  
the Chicago Outfit, respectively]  
continue to exert great influence over the  
union and its president.

-Joseph Hauser.<sup>2</sup>

The Hotel Employees and Restaurant Employees International Union (HEREIU) was founded in 1891 as the Waiters and Bartenders Union. It quickly became the union of choice for bartenders, waiters, maids, cooks, porters, busboys, and related service workers in the United States and Canada.<sup>3</sup> Almost 100 years later, HEREIU has a documented relationship with the Chicago "Outfit" of La Cosa Nostra at the international level and subject to the influence of the Gambino, Colombo, and Philadelphia La Cosa Nostra families at the local level.

During the union's early years internal conflicts developed between a Chicago faction, headed by W.C. Pomeroy, and the rest of the union, led by Jere Sullivan. At the 1896 convention Sullivan charged Pomeroy with misuse of funds; when Sullivan was elected general secretary-treasurer in 1899 he ousted Pomeroy from control in 1900 and embarked upon a program of reorganization with the support of Samuel Gompers and the AFL. Although the luxury hotel business boomed during the first two

decades of the 1900's, opening numerous jobs for service employees, HEREIU was not a force in the trade because Sullivan refused to organize the unskilled and foreign born. Moreover, HEREIU lost about one-third of its membership almost immediately following the enactment of Prohibition in 1920.

With Sullivan's death in 1928 and the ascent of the new president Edward Flore, HEREIU fully responded to the demands for organizing the unskilled. By the early 1950's union membership was near its present day figure of 400,000, and key steps had been taken to centralize internal power - primarily by allowing international officers to intervene directly in the affairs of HEREIU locals.

Criminal infiltration, which has consistently plagued HEREIU, was exposed at the union's 1936 national convention, where Harry Koenig of Local 16 in New York City was murdered. Subsequent investigation by the Special Commission on Crime, headed by Thomas Dewey, revealed a flourishing restaurant racketeering business in New York City. In 1937 three officials of the national were convicted of crimes, Local 16 was suspended, and those members associated at the time with criminal activities were expelled.<sup>4</sup>

In 1958 the McClellan Committee revealed that organized crime had infiltrated the Chicago restaurant industry through its control of three union locals. Business agent John Lardino, who

was believed to be one of the chief lieutenants to Tony Accardo, the long-time boss of the Chicago Outfit, controlled Local 593. Both Accardo and Lardino appeared before the McClellan Committee and invoked their privilege against self-incrimination. Chicago Outfit representative Louis Romano then controlled Local 278. In 1935 the Outfit extended its power to Chicago's suburbs by obtaining the charter of Local 450. Those who influenced Local 450 were believed to be Frank "The Enforcer" Nitti, Murray "The Camel" Humphreys, and Louis Romano. Joseph Aiuppa, at that time a gunman for Al Capone, was listed as the secretary of Local 450, on the application filed with the international in 1935.<sup>5</sup>

For 40 years Joseph Aiuppa, now the underboss of the Chicago Outfit, and boss Tony Accardo wielded power in the Chicago area locals and the HEREIU joint executive board. Their actions took on national proportions when Edward Hanley, who began his career in Local 450 as a business agent in 1957, was elected to the HEREIU presidency in 1973.<sup>6</sup>

#### HEREIU Today

Joseph Hauser, a convicted defrauder of union benefit funds, appeared before the Senate Permanent Subcommittee on Investigations in April 1983 and testified that Chicago crime boss Tony Accardo hand-picked Edward Hanley for the HEREIU presidency.<sup>7</sup> Hauser noted, "Aiuppa and Accardo continue to exert great influence over the union and its president, Ed

Hanley." According to the Senate Report, the reign of Hanley has been surrounded by allegations of organized crime's influence in the choice of international union organizers, operation of benefit funds, and conduct of union affairs.<sup>8</sup>

Since Hanley took office in 1973, union assets dropped from \$21.4 million to less than \$14 million in 1982. Nearly \$6 million of this money went into three loans executed with private developers, one of whom was Morris Shenker, an associate of the late Kansas City organized crime leader Nicholas Civella. Shenker received the largest single loan from the Teamsters Central States Pension Fund, a portion of which has never been repaid.<sup>9</sup>

The Subcommittee found that the union's assets have been used to enrich the top officers of HEREIU's hierarchy. Base salaries augmented by expense accounts and "allowances," lifetime employment contracts, and increased expenditures of tangible items have resulted in expenditures for HEREIU officers skyrocketing from \$229,051 in fiscal year 1973 to \$1,689,370 in fiscal year 1983.<sup>10</sup> Former HEREIU general secretary-treasurer John Gibson was found guilty in May 1980 of misusing the union's airplane and of conspiring to embezzle union funds. Gibson received concurrent four-month sentences, which he served in 1983, while receiving his lifetime contract checks from the union.<sup>11</sup> The list of employees and organizers hired after Hanley became HEREIU president includes organized crime

associates and numerous patronage jobs.<sup>12</sup> In addition, one of Hanley's early moves was to hire the current Teamsters president, Jackie Presser, as an international organizer in 1973; Presser was already an officer of a HEREIU Local in Cleveland. He resigned the HEREIU post in September 1976, when he became an IBT international union vice-president.

Most troubling to the Subcommittee was the unprecedented degree to which Hanley has been able to centralize authority within HEREIU and to control local chapters through the use of mergers, trusteeships, and personnel transfers, an action which mocks the goals of local autonomy and members' rights as embodied in the Landrum-Griffin Act. HEREIU's president has almost absolute authority to effect mergers and has done so more than 136 times since 1973. Hanley has also consolidated 16 separate pension funds with total assets of approximately \$75 million and 35 separate health and welfare funds into single funds under the control of the international union in Naperville, Illinois.

#### Hanley's Assertion of the Fifth Amendment

The Permanent Subcommittee on Investigations sought Hanley's perspective on his union's increasing identification with organized crime. He refused to testify.<sup>13</sup> Hanley's refusal to respond to questioning and his assertion of his Fifth Amendment privilege before the Subcommittee deprived the Senate of the opportunity to explore this steady movement of HEREIU money and

power to Chicago. Hanley declined to answer a series of questions which focused on his understanding of the obligation of trust imposed on union officials. He rejected the opportunity to explain HEREIU's merger policy. Finally, Hanley found no purpose to be served by responding to questions about his relationship with the leadership of the Chicago Outfit, murdered racketeer Allen Dorfman, or attorney Sidney Korshak.

### Atlantic City

HEREIU Local 54, which is located in the Atlantic City, New Jersey area, came to prominence in 1978 after the opening of Atlantic City casinos and the concomitant rise in the demand for waitresses, waiters, and bartenders. With the increase in potential union members came a struggle for control between factions of the Philadelphia family of La Cosa Nostra.

Department of Labor Special Agent Ron Chance testified before the Commission about Local 54 and its influence in Atlantic City:

Local 54, in Atlantic City, is a classic case study in organized crime and labor racketeering. Several of the officers of this union and its predecessor unions boast convictions for murder, arson, extortion, drugs, bribes, kickbacks and racketeering. Next to the ownership of the casino itself, the control of Local 54 is the most important prize in the Atlantic City sweepstakes. . . . In 1978, when the casinos opened, Local 54 began to rise in stature and importance. Prior to the casino gambling, they only had about 2,500 members and most of them were employed in seasonal jobs in the hotel and restaurant industry in the seashore. The opening of each casino, though, brought between 1,500 and 2,000 new members into the local, and they now have about 15,000 members.<sup>14</sup>

Indeed, the stakes were high for this "most important prize." Membership increases contributed so substantially to total dues collection that the local's annual income swelled from \$269,000 in 1979 to \$1,389,000 in 1982, and permitted the local to contribute more than \$15 million a year to the international's Health and Welfare Fund.

On December 15, 1980, John McCullough, the president of Philadelphia Roofers Union Local 30, was shot to death at his home by Willard E. Moran, allegedly due to his attempts to organize the Bartenders in Atlantic City away from HEREIU Local 54.<sup>15</sup> After his conviction, Moran decided to cooperate with prosecutors and testified that he was recruited, employed, and trained to kill McCullough, an associate of Philadelphia LCN boss Angelo Bruno by former HEREIU Local 54 vice-president Albert Diadone and Raymond "Long John" Martorano, an associate of Atlantic City LCN boss Nicodemo Scarfo. Moran testified that these two actually escorted him to McCullough's home and drove him home after the murder. Both Diadone and Martorano have been convicted and sentenced to life imprisonment.

In 1979 Frank Gerace was appointed president of Local 54 after the previous president, Ralph Natale (another Bruno associate) was convicted and sentenced to 30 years' imprisonment for a variety of offenses, including narcotics trafficking.

Local 54, under the presidency of Frank Gerace, has been the focus of several investigations by law enforcement agencies, as well as the U.S. Congress. Gerace has been named in Senate testimony as a significant criminal associate of the Scarfo crime family. The investigations have focused on Local 54's benefit funds, mob ties, and corruption of public officials. In 1980 the New Jersey Commission of Investigation reported that Larry Smith, head of Rittenhouse Consulting Enterprises, Inc. in Cherry Hill, New Jersey, profited handsomely from Rittenhouse's consulting work to arrange dental care services for HEREIU Local 33. Ultimately, HEREIU Local 33 was absorbed into Local 54 of Atlantic City. In tracing Rittenhouse's and Local 54's disbursements, New Jersey commission investigators determined that \$153,000 in cash from the Local's fund could not be accounted for.

After a three-year inquiry, the Senate Permanent Subcommittee on Investigations said that Smith had controlled Local 54's dental plan almost since its inception, for the benefit of Philadelphia organized crime interests, and that the nature of "consulting" services rendered by Rittenhouse for substantial fees could not be determined.<sup>16</sup> Subsequently Larry Smith was one of 41 individuals or entities named in a Department of Labor civil suit. It charges that past and present Local 54 trustees and the corporations formed to administer the \$1.2 million dental plan violated the Employee Retirement Income Security Act (ERISA) by failing to solicit bids for a dental plan

contract in 1980.<sup>17</sup> Neither Local 54 itself nor its current officers are named in the suit, which asks that the defendants pay all losses resulting from their alleged actions and that new arrangements be made to provide Local 54 employees with dental care.

#### Local 54 and Corruption of Public Officials

Frank Lentino, a former business agent for Local 54, recently pled guilty to one count of Hobbs Act conspiracy and one count of obstruction of justice. During that investigation Lentino bragged that he controlled labor for Nicodemo Scarfo, the current head of the LCN faction in Atlantic City and Philadelphia. Lentino also claimed that Local 54 officials helped the Scarfo group exercise a corrupt influence over former Atlantic City Mayor Michael Matthews. Before his election as mayor of Atlantic City, Matthews solicited an illegal campaign contribution of \$125,000 cash from Local 54's Frank Gerace, Albert Diadone, and Frank Lentino. Matthews received the cash in several installments with at least one payment being picked up at the union hall. Matthews was ultimately convicted of receiving bribes from a federal undercover agent.

When he was questioned about the \$125,000 cash contribution, Matthews admitted that he approached the Local 54 officers to obtain money from the Scarfo La Cosa Nostra group. In return Matthews agreed to assist the Scarfo family obtain a tract of land partially owned by the city, where the Scarfo's group would

build a casino. Lentino described the meetings and the purchasing of the election in conversations intercepted by the FBI and DEA. Lentino stated:

[W]e had Mike Matthews in here, the last time I ate here with Gerace and Al Daidone . . . He [Matthews] had his eyes on that uh, mayor's, mayor's job

. . .

If he wins it uh, you get favors. Some guys put up a lot of money. . . [a] hundred and twenty five [thousand]. . . That's a lot of money for an election down here. 18

#### The Efforts of the Casino Control Commission

In 1981 the New Jersey Casino Control Commission and the Division of Gaming Enforcement, state agencies charged with regulating persons and entities involved in the casino industry, began an investigation of Local 54 to determine whether the local was fit, under state statute, to represent persons employed by the casinos. A central focus of the state investigation was the allegation that the Scarfo LCN group controlled the union. Based on its finding in 1982 that this control existed, the Casino Control Commission ordered that, in the event Gerace and the two others were not removed from their union posts, Local 54 would be prohibited from collecting dues from any casino employee.

Following this order Local 54 sought a Federal court injunction barring enforcement of the Commission's order. After losing in the District Court, the union successfully argued in

New Jersey Superior Court that federal labor law, specifically the National Labor Relations Act and ERISA, preempted the field of labor relations. The state, however, obtained a reversal in the U.S. Supreme Court, which held that the state had the authority with some limitations to regulate in the area.<sup>19</sup> The Supreme Court noted in its decision that:

...Congress apparently has concluded that, at least where the States are confronted with the public evils of crime, corruption, and racketeering, more stringent state regulations of the qualifications of union officials is not incompatible with the national labor policy as embodied in §7 (of the National Labor Relations Act).<sup>20</sup>

Following the Supreme Court's decision, the Casino Control Commission issued a new order, which directed Gerace and the other officials to resign. After Gerace refused to do so, the state sought enforcement of the order and a contempt citation from the state courts. Gerace and the others then resigned their posts. Rather than divorcing himself completely from the union, however, Gerace now holds the post of consultant in non-casino affairs, at an unknown salary.

The Supreme Court found that the casino industry employees' freedom to select Local 54 to represent them in collective bargaining was not affected by the qualification criteria of New Jersey's Act. However, the Court left undecided the issue of whether the dues collection sanction, imposed by New Jersey's Act, will so incapacitate the union as to prevent it from performing its functions as the employees' chosen bargaining

agent, thus abridging members' rights under the National Labor Relations Act. As a result, the decision does not definitively resolve how to reconcile Federal efforts to define labor rights with state efforts to regulate industries in which labor racketeers flourish.

New York City

The New York HEREIU locals are also influenced by organized crime. New locals have been chartered with due consideration to La Cosa Nostra territorial needs. Until January 1983 (when Local 100 was chartered), the main HEREIU local under LCN control was Local 6. Local 6 retained jurisdiction over those restaurants located in hotels and clubs, while Local 100 has a wide-ranging jurisdiction. Recent indictments have focused on the leaders of HEREIU Locals 6 and 100: international vice president and HEREIU Local 6 officer Vito Pitta, an associate of the Colombo family, and John J. DeRoss, officer of HEREIU Local 6, officer of HEREIU Local 100, and a member of the Colombo family. 21

In a conversation intercepted by the FBI at Paul Castellano's home, Anthony Amodeo and John DeRoss complained to Paul Castellano about the failure of Local 6, and Vito Pitta, to abide by the agreed-upon jurisdictional allocation with Local 100:

Amodeo: He's not supposed to go into another. . . In fact, that's a part of their agreement. When they made the merger, from what I understand, they stay in whatever they've been in. They

have the hotels and restaurants and so forth. Now, 2 months ago, we sat down, Vito [Pitta], me, and Charlie, right? Sat down. He says, How about if I go organize on Long Island? . . . You stay with yours. Long Island is ours. Hotels, restaurants, whatever.

Castellano: They're supposed to stay.

DeRoss: Right. I know.<sup>22</sup>

In the same conversation, Castellano subsequently described the limits of his influence over HEREIU. Because the international was controlled by other organized crime groups, Castellano's ability to remedy an apparent encroachment by the Colombo family was not a simple matter:

Castellano: . . . You had the locals and somebody else had the international. . . This is what I was trying to tell Vito of. I said, Vito [Pitta], take it easy. You know, I gotta, I gotta watch, like someone else owns the international. See, I don't like these doing. . . something that they have a right to do. In the meantime, the only reason why they're doing it, because Vito is setting up something in my. . . I don't do that.

. . . I was happy with the [international union] elections, you know? They were happy about it, but Pitta wasn't. . . I tell you what, what brought them over here. This is with my local, and I don't want anybody to touch it. . . .<sup>23</sup>

HEREIU Locals 6 and 100 were used to dictate the way in which restaurants could do business in New York. In return for payoffs, restaurant owners could pay reduced wages and pension and welfare fund contributions, or buy a lease on a restaurant

shut down because it owed money to the union, or hire and fire without regard to grievance procedures, or operate without regard to union work rules. What appeared to be a jurisdictional split between two HEREIU locals was, in fact, a market allocation of New York's entire restaurant business between the Colombo and Gambino crime families.

The IPSSEU Merger: Building A Larger Union

HEREIU used means other than forced merger and the issuance of charters to the Gambino and Colombo crime families to consolidate and expand the existing power of La Cosa Nostra. In one instance HEREIU absorbed an independent union, the International Production Service and Sales Employees Union (IPSSEU), an organization influenced by organized crime.

In the mid-1950's IPSSEU was created by the merger of several independent local unions. By 1978 IPSSEU had organized some 25,000 members in eight locals employed in seasonal work, usually in toy, plastic and candy factories. As Robert Rao, IPSSEU's general president, once explained, the union organizes anyone except the "building trades." At one point Rao testified in court proceedings that between 25 and 40 percent of IPSSEU's members were paid only the minimum wage. During its history IPSSEU turned down merger overtures from several AFL-CIO unions, the United Mine Workers, and the Teamsters Union.

At present IPSSEU's former secretary-treasurer, Benjamin Ladner, and Teamster official Anthony Di Lapi are serving ten-year prison sentences for using bribery and threats to obstruct an attempt by nonunion truck drivers in a garment center trucking company to form their own union. Di Lapi explained the conspiracy in these words:

. . . There's a million truck drivers, a million warehouses. They'll get all new guys, new identity completely, new corporation, new everything. . . Well this is economics. . . There's no violence, there's no nothing. . . but it's like a Family. . .<sup>24</sup>

IPSSEU, with its ties to the Luchese family, was a prime candidate for merger with HEREIU. The merger occurred with the creation of HEREIU Local 21S in 1983, and Robert Rao's appointment as an international vice president of HEREIU. The merger has not harmed Rao. Rao received combined salary, allowances and expenses amounting to \$142,380 in 1984 from HEREIU.

#### Government Action Awaited

During the Commission's investigation it became clear that legitimate trade unionists are aware of the mob ties to HEREIU and await government action to oust the mob from the union.

FOOTNOTES

<sup>1</sup>Court authorized electronic surveillance, June 3, 1983.

<sup>2</sup>Hotel Employees and Restaurant Employees International Union: Hearings before the Permanent Subcommittee on Investigations of the Senate Comm. on Governmental Affairs, 97th Cong., 2nd Sess., Part III, at 34 (1982).

<sup>3</sup>The union has changed its name several times since its creation, most recently in 1981 at the 39th general convention. For more details on the history of HEREIU, and for a comprehensive analysis of the union and its infiltration by organized crime today, see Hotel Employees and Restaurant Employees International Union, a report by the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs of the U.S. Senate, August 1984 [hereinafter referred to as HEREIU Report.] This section of PCOC's report relies heavily on the excellent work recently completed by that Subcommittee.

<sup>4</sup>HEREIU Report, supra note 3, at 13.

<sup>5</sup>Id. at 14-15.

<sup>6</sup>See Hotel Employees and Restaurant Employees International Union: Hearings before the Permanent Subcommittee on Investigations of the Senate Comm. on Governmental Affairs, 97th Cong., 2nd Sess., Part I, at 6 (1982) [hereinafter cited as HEREIU Hearings].

<sup>7</sup>Id., Part III, at 34.

<sup>8</sup>HEREIU Report, supra note 3, at 17.

<sup>9</sup>Id. at 25-32.

<sup>10</sup>Id. at 41.

<sup>11</sup>Id. at 44.

<sup>12</sup>Id. at 33.

<sup>13</sup>These are some of the questions, posed mainly by Senator Roth, which Hanley refused to answer, some in apparent violation of AFL-CIO ethical practices policy:

- Q: Are you president of the International Union of Hotel Workers & Restaurant Employees?
- Q: What is your occupation?
- Q: Could you explain the international union's basic policy concerning mergers of local unions?
- Q: What sort of policy and criteria are used by the International union in hiring?
- Q: What do you believe are your fiduciary responsibilities as president of the Hotel Employees & Restaurant Employees International Union, both to the union and its members?
- Q: Have you ever told Jeff McColl, the Las Vegas local union leader, you would "pull" the Local 226 charter if he capitulated to demands that the health and welfare funds return to Vegas for local control? [In 1977, the health and welfare funds of Local 226 were returned to Chicago only after the murder of union officer Al Bramlett in Las Vegas. Bramlett was said to oppose moving the fund to Illinois.]
- Q: Mr. Hanley, did you, in fact, have a conversation with Sidney Korshak about merging hotel workers locals? [This question was based upon an electronically intercepted conversation between Korshak and Dorfman in which Korshak claims to have discussed with Hanley the merger of two West Coast HEREIU locals.]
- Q: Did you know Allen Dorfman before he was murdered?
- Q: As you know, Mr. Hanley, we have heard evidence relating to a possible association between yourself and Mr. Anthony Accardo and also Joseph Aiuppa of Chicago. Let me ask you, do you know either of those gentlemen?

HEREIU Hearings, supra note 6, at 23.

<sup>14</sup>See Organized Crime and Gambling: Hearings before the President's Commission on Organized Crime, June 1985, at 243-244.

<sup>15</sup>HEREIU Report, supra note 3, at 65.

<sup>16</sup>Id. at 110, 111, and 113.

<sup>17</sup>See Brock v. Frank Gerace et al., U.S. District Court, District of New Jersey, Civil Action No. 85-3669.

<sup>18</sup>Court authorized electronic surveillances, March, 1982.

<sup>19</sup>Brown v. Hotel and Restaurant Employees and Bartenders International Union Local 54, 52 U.S.L.W. 5042 (July 2, 1984).

<sup>20</sup>Id.

<sup>21</sup>See U.S. v. Persico, 84 Cr. 809 (S.D.N.Y. 1984).

<sup>22</sup>Court authorized electronic surveillance, June 3, 1983.

<sup>23</sup>Id.

<sup>24</sup>Court authorized electronic surveillance, April 24, 1978.

SECTION FIVE:

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

The Most Controlled Union

The leaders of the nation's largest union, the International Brotherhood of Teamsters (IBT), have been firmly under the influence of organized crime since the 1950's. Although many of the hundreds of IBT locals and joint councils operating throughout the country are not criminally infiltrated, organized crime influences at least 38 of the largest locals and a joint council in Chicago, Cleveland, New Jersey, New York, Philadelphia, St. Louis, and other major cities. Former Teamster president Roy L. Williams told the Commission, "Every big [Teamster] local union...had some connection with organized crime."<sup>1</sup> These locals operate in the nation's major business and economic centers and include the majority of the union's 1.6 million members. They are the foundation of organized crime's union-wide influences.

For decades organized crime has exercised substantial influence over the international union, primarily through the office of the president. In the period 1952-1985 there have been five IBT presidents. The first, Dave Beck, was convicted in 1959 for violating federal income tax laws. His successor, James R. ("Jimmy") Hoffa, was convicted of jury tampering in 1964, and disappeared (presumably murdered by organized crime) in 1975. Although known to have accommodated organized crime, the next

president, Frank Fitzsimmons, was not indicted during his tenure and died a natural death in office in 1981. His successor, Roy L. Williams, served as president from 1981 until 1983, when he was convicted of conspiracy to attempt to bribe a United States Senator.<sup>2</sup>

Hoffa and Williams were indisputably direct instruments of organized crime. Fitzsimmons established a measure of detente whereby he was allowed to head the union, while organized crime stole the workers' benefit funds and used the unions for numerous criminal ventures. While the precise current relationship, if any, between organized crime and the current IBT president, Jackie Presser is not known to the Commission, Presser's past activities indicate that he has associated with organized crime figures and that he benefited from their support in his elevation to the IBT Presidency in 1983.

In the late 1950's Jimmy Hoffa convinced the American public that corruption and the Teamsters were synonymous. His intransigence and arrogance at the McClellan Committee hearings in 1957-1958 gave the public a personification of the evils of corrupt leadership in a vital economic institution in this country. According to Roy Williams, Hoffa was the first IBT leader over whom organized crime had a "powerful hold." How organized crime gained its control over Hoffa remains a matter of conjecture, even for IBT officers like Roy Williams who were insiders during the decades of Hoffa's rise, fall, and eventual

disappearance. Hoffa is reported to have begun an unholy alliance with organized crime to obtain "mob" muscle to fight management in the rough and tumble years of the Teamster organizing drives of the 1930's. Others have theorized that Hoffa came in contact with organized criminals through his own personal ties.<sup>3</sup> It is agreed, however, that Hoffa had relationships with major organized crime figures, such as Nick Civella, and Anthony "Tony Pro" Provenzano.<sup>4</sup>

It would be incorrect to explain organized crime's power over the IBT solely in terms of the personal ties between Hoffa or any other individual and organized crime. To understand organized crime's attraction to the IBT, one must look beyond personalities to the nature and structure of the trucking industry.

Trucking operates primarily in a local rather than a national product market; that is, if truckers refuse to deliver materials to a plant or remove materials from a construction site, the affected company is frequently unable to secure alternative carriers. This was especially true prior to deregulation. Control of the truckers thus provides leverage over thousands of businesses dependent on Teamsters' deliveries. Moreover, trucking is characterized by numerous under-capitalized firms, which have significantly less economic staying power than the union itself. This disparity in power allowed Hoffa, and to a lesser degree his successors, to whipsaw or threaten individual companies whose survival would be imperiled by labor strife.

Hoffa proved to be a master at manipulating individual companies in this manner, but anyone who held the office of IBT president might have succeeded in obtaining the same results.

Organized crime has also been attracted to the IBT because it oversees hundreds of individual benefit funds, including some of the largest union benefit funds, such as the Central States Pension Fund, and because it generates significant monies from the dues paid by its 1.6 million members. By controlling the union racketeers can receive excessive salaries and benefits, put friends and relatives on the payroll, and embezzle union monies.

In testimony taken by the Commission, Roy Williams confirmed that organized crime has continued to maintain a firm grip on the IBT long after Hoffa's reign. This chapter will examine both Williams's and Presser's tenures at the IBT and analyze the methods that organized crime has used to control the IBT. In addition, it will develop profiles of mob influence at certain select locals and describe how organized crime uses violence and intimidation to quash opposition. Finally, by describing the operations of a nationwide labor-leasing scheme involving the LCN, corrupt Teamster officials, and legitimate corporations, it will indicate how organized crime can use corrupt unions to give organized crime businesses an edge in the market place.

Organized Crime's Influence and Corruption: The Williams Administration

Williams's Election

Roy Williams's rise in the Teamsters from 1981 to 1983 was directly linked to his association with organized crime. Williams admitted to the Commission what law enforcement believed for several decades: that Williams had a "special relationship" with Nick Civella, the boss of the Kansas City family of La Cosa Nostra. Williams and Civella were members of an informal but powerful group of five men. The members of this group, which changed over time, included Civella, Williams, Bill Cerman, Tim Moran, and Sam Gross, the former head of the Carpet Layers, Dyers and Cleaners Union. The "group of five" met periodically to settle disputes and to decide which candidates for public office would receive political nominations in the Kansas City area.

The association between Williams and Civella began in the mid-1950s after Williams, knowing Civella's position as the head of the Kansas City LCN, met with Civella to discuss their "relationship." The two agreed to assist and promote each other. Civella would promote Williams's IBT career with other mob-controlled IBT leaders, especially Hoffa, and reward Williams financially. Williams, in turn, would promote Civella's interests, by such means as the placement of people that Civella favored in IBT or industry jobs, and the exertion of influence on

the Central States Pension Fund to make loans and arrangements that would benefit organized crime.<sup>5</sup>

Civella became the man to see to get favors from Williams and the Teamsters. Chicago La Cosa Nostra territorial boss Joey "the Clown" Lombardo, who was convicted with Williams for attempting to bribe a United States Senator, was overheard by Federal agents importuning Civella:

Nick, you're the only one who can get to Williams, to have him listen and act. Williams has to be the one to do it, and it has to go through you.<sup>6</sup>

Other intercepts reveal that when members of the Chicago LCN approached Civella to obtain favors from Williams, Civella sometimes adopted a protective tone, saying, "I want to protect Roy. He's a friend of mine."

Illustrative of Civella's hold over Williams is a 1979 meeting of Williams, Civella, Allen Dorfman, and Sam Ancona in Kansas City. Dorfman wanted significant new Central States Pension Fund business to be directed to Morris Shenker, Jimmy Hoffa's lawyer-confidant. Williams disagreed. As a result of the disagreement, Williams had to attend a midnight session at the house of an LCN associate at which Dorfman and Williams presented their cases to Civella. Ultimately Civella sided with Williams and tore up Dorfman's contract with Shenker.<sup>7</sup> In this instance Williams, an IBT president and a fiduciary for the

union, had to appeal a union decision to the La Cosa Nostra crime boss of Kansas City.

Throughout the three decades of their arrangement Williams and Civella met periodically. When Civella and Williams could not meet or talk on the phone for fear of being observed or overheard, Sam Ancona--an associate of the Kansas City La Cosa Nostra, president of Teamsters Joint Council 56, and IBT International representative--was messenger to both. Ancona and Williams exchanged messages in the union's parking lot outside Williams' office. As a reward Ancona used Williams's name and gained authority to obtain favors and other assistance from other IBT officers.<sup>8</sup>

Roy Williams became president of the IBT in large measure because he had the backing of organized crime. When incumbent president Frank Fitzsimmons died, members of La Cosa Nostra set out to choose a new Teamster president. Although there was agreement that someone controlled by La Cosa Nostra should be chosen, the negotiations centered on which faction would have its candidate elected. The key groups were the Kansas City, Chicago, Cleveland, and New York families. One of the participants in these negotiations was Angelo Lonardo, underboss of the Cleveland La Cosa Nostra. Lonardo, now serving a life sentence in federal prison, has provided the FBI with inside information on precisely what transpired.

Lonardo stated that the Cleveland LCN wanted Jackie Presser to serve as IBT president, while the Kansas City LCN wanted Williams. Nick Civella, boss of the Kansas City family, informed Milton "Maishe" Rockman, a Cleveland LCN associate, that Kansas City was intent on Williams's candidacy. Civella characterized Williams as someone the LCN could "talk to." To obtain support for Williams, Civella sought the assistance of the other crime families across the country. They were asked to throw the support of IBT locals they controlled to the Williams candidacy.

Ultimately, according to Lonardo, Civella and Rockman made a deal. Rockman agreed that, if Jackie Presser were to take Williams's place as head of the Central States Pension Fund, the Cleveland family would see that Presser, persons loyal to Presser, and the Cleveland LCN family would support Williams and seek to obtain the approval of the arrangement from the Chicago LCN family. Cleveland representatives Lonardo and Rockman met with Jackie Cerone and Joey Aiuppa, ranking members of the Chicago LCN. Cerone and Aiuppa claimed that they were skeptical of Williams and stated that they were considering another candidate. They were doubly suspicious of Presser, claiming that he was unreliable. Rockman reassured them concerning Presser. The meeting broke up without a decision, but within several days the Chicago LCN indicated its agreement. Rockman told Lonardo that he had contacted Presser, who agreed to support Williams's candidacy by producing delegates for Williams.

According to Lonardo, the Cleveland La Cosa Nostra family is not an independent group. Its leaders report to and show "respect" to the New York-based Genovese family. To obtain further support for their plans, the Cleveland representatives flew to New York to meet Anthony "Fat Tony" Salerno, boss of the Genovese family. Lonardo and Rockman explained Civella's plans for Williams and Presser. Salerno stated that he would throw his support to Williams through Salvatore Provenzano's delegates. In return, Salerno sought favors, including a Teamster local union charter for his friends.

As a result of these maneuvers, Williams was ultimately elected president. Because Presser was never promoted to the Central States Pension Fund, Rockman later instructed Presser not to cooperate with Williams.

Williams stated that while he was IBT president, he physically stayed out of the northeast portion of the United States and did not attempt to control or influence what he characterized as a Teamsters region dominated by the mob. Williams identified locals in St. Louis, Chicago, Philadelphia, New York, New Jersey, the West Coast, and elsewhere, as dominated or influenced by organized crime. Williams admitted that these large locals had been under the domination of organized crime for 30 years before he was elected President. He said that trying to do something constructive about the Provenzano's Local 560 or Harry Davidoff's Local 295 would be tantamount to entering a

"viper's nest," and that, as IBT president, he did not have the power or the "interest" to take on organized crime in that manner.

Williams indicated that, during a period of tension with the New Jersey branch of La Cosa Nostra, he received anonymous calls at home telling him to "get right with Tony Pro[venzano]". He said that no important IBT decision can be made without taking into account organized crime's control of the key union locals. Williams stated his belief that any IBT president would be relatively powerless in the face of this mob control: "They was here a long time before any of us ever got here and they have got pretty powerful."<sup>9</sup>

Benefit Fund Abuse Under Williams

Long before Williams assumed the presidency of the IBT, Jimmy Hoffa shared pension fund kickbacks with Allen Dorfman, a former asset manager and service provider to the Teamsters Central States Pension Fund. Before Hoffa began serving his prison sentence in 1963 he convened a meeting of the Fund trustees to state, unequivocally, that Allen Dorfman was his spokesman while he, Hoffa, served time in jail. Hoffa and Dorfman were the moving forces behind the Central States Pension Fund's entry into speculative real estate loans in Las Vegas, an action that eventually robbed the Teamsters of millions of pension fund dollars and resulted in the government's decision to place the Fund in receivership.<sup>10</sup>

During the Williams administration the mob's desire to plunder the Central States Pension Fund continued. In 1979, at a meeting at the Crown Center Hotel in Kansas City, Nick Civella met Central States Pension Fund "representatives" Allen Dorfman and Sol Schwartz, and Chicago LCN member Joey Lombardo. In their discussion about regaining control of the fund from the government's asset managers, Joey Lombardo stated:

We got a lot of work to do. We got to get the Fund back. Get good lawyers. Got moves to make, lot of scheming to do . . . we got to try to put it back together like it was. For now and for the future . . .<sup>11</sup>

Similar conversations took place at meetings attended by Williams, Civella, and Dorfman.

The history of Allen Dorfman's dealings with the Teamsters benefit funds illustrates the problems that have plagued other multi-employer benefit funds. Even after his conviction for accepting a \$55,000 bribe or kickback while acting as a special consultant to the Teamsters Central States Pension Fund,<sup>12</sup> insurance companies that Dorfman controlled continued to receive substantial fees for handling various Teamsters funds' insurance business. When Dorfman's contract to service the Fund was scheduled to be re-evaluated, he offered Roy Williams, IBT president, 17 acres of land at a California resort, known as La Costa, in return for an automatic contract renewal. Williams claims that he turned down the bribe, but the contract was renewed in any case.<sup>13</sup>

Any possibility that Dorfman would disclose what he knew about the Teamsters-LCN association ended on January 20, 1983, when he was gunned down in a parking lot in Lincolnwood, Illinois. Dorfman's murder took place one month after a federal jury convicted Dorfman, Williams, Chicago LCN boss Joseph Lombardo, a trustee of the Teamsters pension fund, Thomas F. O'Malley, and an employee of the pension fund, Andrew G. Massa, for conspiring to attempt to bribe United States Senator Howard Cannon of Nevada, then Chairman of the Senate Commerce Committee. The defendants conspired to offer Cannon favors from the Central States Pension Fund in return for his influence to block or delay a measure to deregulate trucking freight rates.

Williams used the Central States Pension Fund, the Central Conference of Teamsters, and the IBT to pay for his million-dollar defense of conspiracy charges. Massa and O'Malley received \$1.3 million dollars from the fund for their defense expenses. Dorfman received \$1.7 million dollars for his defense fees from his insurance firms, whose sole customers were Teamsters entities. Both Dorfman and Joey Lombardo received the considerable benefit of private investigators and transcription services, for which the Central States Pension Fund paid.

In addition to paying the legal expenses of Massa and O'Malley, another Teamster entity, the Central Conference of Teamsters, paid Roy Williams \$76,000 as its chairman during the trial years. Neither Frank Fitzsimmons, Williams' predecessor as chairman of the Central Conference, nor his immediate successor, Jackie Presser, received a salary while occupying that position at the Central Conference. During the same period, some members of O'Malley's family received IBT-related jobs paying high salaries.<sup>14</sup>

In a consent decree with the Department of Labor, the Central States benefit fund's insurance companies agreed to pay the Fund \$6.5 million for the payments of the legal defense of IBT president Williams and his co-defendants, and for other improper expenditures. In the one-year period after the repayment, the Central States insurance premium was increased 352 percent, to a staggering \$2.7 million. None of the money was

ever recovered from Williams or the other labor racketeers who benefited from it.

Organized Crime's Influence and Corruption: The Presser Administration

Presser's Election

Angelo Lonardo, underboss of the Cleveland LCN, who provided the FBI with details of the LCN's influence over Roy Williams's election, also told the FBI how the LCN "chose" Presser as Williams's successor. According to Lonardo, after Williams's conviction of conspiracy to attempt to bribe Senator Cannon, the LCN families again maneuvered to pick an acceptable candidate. This time the Cleveland family took the lead for their candidate, Jackie Presser. Lonardo participated in this effort by seeking the Chicago family's support for Presser from Jackie Cerone. Cerone again indicated that Chicago had its own candidate. Lonardo then traveled to New York to seek the support of Anthony "Fat Tony" Salerno and the Genovese family. Salerno agreed to back Presser for the job. The methods that Salerno used to support Presser have not been revealed, but Salerno's backing ultimately made possible Presser's elevation to the Teamster presidency.

In addition to the LCN's help, Presser's rise to power, like Williams's, was facilitated by the governance structure of the IBT. Its structure and constitution have remained substantially unaltered since Hoffa's reign. The officers of the international

consist of a president, secretary-treasurer, 16 vice presidents, and numerous employees. All officers are elected, but the union membership does not necessarily vote directly for the candidates. The international officers are elected by local delegates at a union convention held every five years, the maximum interval permitted under the Landrum-Griffin Act. The locals send delegates to the convention in proportion to their membership strength. If organized crime influences a local, it names the delegates to the convention.

Once international officers are in office, they are able to favor and advance their allies through the IBT's election and appointment system. The president and all vice presidents, although drawn from different areas of the country, are elected at large. To win union-wide office as a vice president, a union member needs the support of the IBT president or persons who can influence the president. With that support, the would-be office-holder can be appointed to a vacancy in an international office and serve during the long period between conventions. At the convention he enjoys the benefit of incumbency, and his election is no more than a ratification of his prior appointment.

The early years of Presser's career in the IBT are instructive. Presser was initially appointed to head a new local, Local 507, in Cleveland. Later, Frank Fitzsimmons, at the urging of Roy Williams, appointed Presser a Teamster vice president to fill a vacancy created by Bill Presser's ill health.

Presser's fellow vice presidents then elected him IBT president to fill the remainder of convicted former president Roy Williams' term. Thus Presser advanced to the IBT presidency without ever having initially to submit himself to the ordeal of an election by rank-and-file members for his various offices.

A review of the IBT vice presidents who serve or have served on the union's executive board that elected Roy L. Williams or Jackie Presser demonstrates how unlikely it is that a reform-minded Teamster president can be elected in the near future. The following profiles describe only a handful of the Teamsters vice presidents.

Maurice Shurr, former Philadelphia area vice president, built his career at IBT Local 929 in Philadelphia, and was particularly energetic in the benefit fund area. Shurr was convicted of racketeering activities, including receiving payoffs to provide labor peace over 11 years. Convicted with Shurr was Harry Roetsky, a union business agent.<sup>15</sup>

Joseph Morgan, the Southern Conference area vice president, was appointed to his post at the same time that Roy Williams became an IBT vice president. Soon after his imprisonment Hoffa sent a message, through his lawyer, to Frank Fitzsimmons that both Williams and Morgan should be made vice presidents.

According to Williams, Morgan is significantly influenced by organized crime figures.<sup>16</sup>

Joseph Treretola is an international vice president in the New York area and president of Joint Council 16, the largest of the IBT joint councils. He obtained his vice presidential post only after the New York LCN gave its approval. Roy Williams stated that, although he had no reason to doubt Treretola's personal honesty, he knows that Treretola is blind to the rampant mob control of the locals that constitute Joint Council 16, and to the influence of organized crime in the IBT generally.<sup>17</sup>

M. E. "Andy" Anderson was a powerful director of the Western Conference of Teamsters. Roy Williams stated that Anderson had a very close relationship with labor consultant Sidney Korshak; according to Williams, organized crime controlled Anderson's local.<sup>18</sup> In 1979 Nick Civella stated, "Anderson has trouble with his own people. The union guys hate him. He was supposed to be eliminated a long time ago. It was my firm, firm understanding that he was out."<sup>19</sup>

Harold J. Gibbons was an IBT vice president who, for a time, turned his St. Louis local into a model of achievement on behalf of his workers. By the end of his career in the early 1980's, however, Gibbons had learned to co-exist with organized crime. He had an understanding with Jimmy Hoffa to refrain from publicly criticizing Hoffa's dealings with the Provenzanos and Allen

Dorfman. Gibbons's reluctance to renounce organized crime's involvement in the IBT is attributed to his greed or fear that Hoffa would have him killed if he crossed Hoffa or the gangsters.<sup>20</sup>

Salvatore "Sammy" Provenzano of New Jersey succeeded his brother, LCN Genovese family soldier Tony Provenzano, as international vice president. Judge Harold Ackerman, who ordered the Provenzanos' Local 560 into trusteeship under the civil RICO statute characterized Salvatore Provenzano, a 30-year IBT veteran, as a person who wields great power for corrupt purposes:

. . . . Sam and Nunzio played musical chairs in minding the store for Tony to satisfy the technical requirements of the law. At some point in the '70's, Sam came into his own. With power at his finger tips, he ran the show and still does. Did he stay 'more or less' clean. . . .He did not. Most of the time he helped to steer the ship the way Tony wanted it and made sure the same crew remained on board. . . .Was he naive, blind or deaf? No. Salvatore Provenzano, in my judgment, knows the truth and is oblivious to it.<sup>21</sup>

#### Union Abuses Under Presser

Even before assuming the IBT presidency, Jackie Presser had compiled an extensive record of organized crime associations. Presser ascended in the union hierarchy through organizations, particularly Cleveland Local 507 and Cleveland Joint Council 41, that were infested with LCN associates and convicted felons. For example, officials of Presser's hometown Local 507 included John Trunzo, a former business agent of Local 507, convicted for

"shaking-down" Cleveland employers for labor peace payments: John J. "Skippy" Felice, Jr., an associate of the Cleveland La Cosa Nostra, convicted of embezzling funds from IBT Local 73, where he was vice president, and from Local 293, where he was secretary-treasurer; and John Nardi, a Local 507 "ghost" employee, convicted of embezzling \$110,000, and chauffeur and bodyguard for Cleveland La Cosa Nostra member Anthony Liberatore. This record belies Presser's promise, in Senate testimony, of a "new era" for the Teamsters Union.<sup>22</sup>

In the 1970's, Presser and his longtime associate Harold Friedman, two of the top officers in Local 507, paid themselves almost 40 percent of the members' dues as salaries. When he became IBT president, one of Presser's first appointments was to name Friedman, a convicted felon, as an IBT vice president. In 1984 Presser earned approximately \$755,000 for his services as IBT president, president of the Central Conference of Teamsters, president of the Ohio Conference of Teamsters, president of Joint Council 41, and secretary-treasurer and business manager of Cleveland Local 507.<sup>23</sup>

While Presser served as secretary-treasurer of Local 507, Allen Friedman, Presser's uncle, was also on the payroll of the local and received \$1,000 per week. Friedman was a "ghost" employee who performed no work, and he was convicted of embezzling \$165,000 from the local. Presser relied on the "ghost" investigation as a basis for refusing to answer the

Commission's inquiries.<sup>24</sup> Although the Department of Justice's Organized Crime Strike Force in Cleveland recommended prosecution of Presser on charges of fraud and conspiracy, because he signed the payroll checks for Friedman and other "ghost" employees, officials in the Department decided not to indict Presser. Recent press accounts have stated that Presser had been a government informant, and have attributed the demise of the Strike Force investigation to that relationship. In any case, Friedman and Nardi have now been released from imprisonment, thereby making further public disclosures on this subject unlikely, although the United States Senate Permanent Subcommittee on Investigations and the Committee on Labor and Human Resources have announced intentions to investigate the matter further.

In the 1970's, Jackie Presser was also an integral part of a multi-year contract between the IBT and Hoover-Gorin and Associates, a public relations firm. Under the terms of the contract, the IBT was to pay the firm \$1.3 million per year for advertising and public relations work, including a \$350,000 retainer. The choice of Hoover-Gorin and Associates was a surprise because, prior to obtaining the IBT contract, the firm had gross receipts of less than \$20,000 per year, and the firm's partners were completely inexperienced in public relations work. Hoover was a Nevada disc jockey and car rental agency employee. His partners, Abner Gorin and Harry Haler, had no public relations experience.

IBT officers instructed Hoover-Gorin and Associates to spend some of the IBT public relations money in Cleveland. Cleveland LCN capo Anthony Liberatore, an official of Laborers Local 860, received \$2,000 per month for a job promoting the Teamsters. Liberatore, who served 20 years for killing two policemen, actually did nothing for this monthly retainer. Another associate of the Cleveland LCN family and a distant relative of Liberatore, Tom Lanci, also received \$2,000. Lanci rented an office to Hoover-Gorin, but it was simply a front. Lanci told the Commission that he had also been a ghost employee and did nothing to earn the salary paid to him by Hoover-Gorin.<sup>25</sup> Subsequent to his involvement with Hoover-Gorin, Lanci was convicted of participating in the murder of Danny Green, a Teamster official. Both Liberatore and Lanci were convicted of bribing an FBI clerk to obtain the names of secret informants on the Cleveland LCN family.

According to Hoover-Gorin partner Harry Haler, Presser received substantial kickbacks from various participants who profited from the Hoover-Gorin public relations contract. The Justice Department investigated Presser's role in the Hoover-Gorin affair, but ultimately took no action against him.

Presser's past also includes other instances of misconduct, including a bribe offer to Roy Williams as trustee of the Central States Pension Fund, the alleged receipt of payoffs in a corrupt labor-leasing scheme, and questionable investment transactions in the Front Row Theater in Cleveland.

#### Bribe Offer to Roy Williams

According to sworn testimony by Roy Williams, in 1974 or 1975 Jackie Presser, then a trustee of the Central States Pension Fund, offered a bribe to Williams, who was then an IBT vice president and Central States Pension Fund trustee. Presser sought Williams's active support and vote for a loan related to the Tropicana Casino and Hotel in Las Vegas, Nevada. The meeting between Williams and Presser took place probably in Chicago. The bribe was not consummated, however, and the Tropicana loan allegedly sought by Presser was never made.<sup>26</sup> Although Presser and Williams were alone when the bribe was offered, Central State Pension Fund records indicate that in 1975 Tropicana made a one-page loan application seeking \$49 million for the Hotel Conquistador, Inc., doing business as Tropicana Hotel and Country Club of Las Vegas.

#### Receipt of Payoffs Related to the Labor-Leasing Schemes of Eugene Boffa

In the 1970's Eugene Boffa, an associate of La Cosa Nostra boss Russell Bufalino, of Wilkes-Barre, Pennsylvania, and the Provenzano family of New Jersey's IBT Local 560, created and

owned a series of labor-leasing companies throughout the country. These labor-leasing companies provided truck drivers and labor peace to the corporations that hired them. The corporations would fire all of their drivers, Boffa would rehire them at a reduced wage, and they would resume work for their previous employer. Boffa received contractual payments and the corporations reduced their labor costs. If a corporation did not voluntarily hire one of Boffa's companies, Boffa employees or corrupt union officials created labor disputes to suggest the need for labor peace, which then could be "guaranteed" through the use of Boffa's leased labor.

Roy Williams confirmed that certain Teamster officials-- including international vice president Sam Provenzano, Teamster joint council president and Kansas City La Cosa Nostra family associate Sam Ancona, IBT Local 326 president Frank Sheeran, and then-international vice president Jackie Presser--helped Boffa to mollify and threaten honest Teamster officials into accepting Boffa's way of doing business. The high-ranking officers occasionally arranged bribes to local officials for selling out their membership. Boffa was ultimately convicted of racketeering and sentenced to imprisonment, largely because of the testimony of self-described "leg-breaker" Robert Rispo, who later became a protected witness.

In testimony before the Commission, Rispo stated that Jackie Presser was a recipient of Boffa's bribes. On at least one occasion, Rispo testified he was the courier who delivered a cash payment directly to Presser. Afterwards, Presser told Boffa not to use Rispo or anyone else to make such payoffs. Rispo described instances where Presser intervened on behalf of Boffa, when the bribe paid to a Teamster local official was less than the official had expected.<sup>27</sup> Presser also participated in making arrangements to switch to Boffa's labor-leasing companies. In a typical switch, agreements were drawn to reduce compensation to union workers and actions were taken to dismiss dissidents from employment.

When he appeared at Commission depositions and at the public hearing, Presser consistently refused to answer questions concerning his actions, invoking his Fifth Amendment privilege against compulsory self-incrimination.

#### The Front Row Theatre

The Front Row Theatre in Cleveland, Ohio, is a theater-in-the-round which features live performances by entertainers. In late 1974 Jackie Presser invested a nominal sum in the Theatre, and he has been quoted as acknowledging that he became a millionaire through this investment.<sup>28</sup>

Two months after Presser became an investor in the Theatre, he began a one-year tenure, from February 1975 to February 1976, as a trustee of the Central States Pension Fund, while his father Bill Presser was imprisoned for one year.

The transactions involving the Theatre, its purchase by a group of investors that include Presser, and its sale and subsequent sale back to the group of original owners minus Presser, are highly suspect. A review of the records obtained by the Commission -- including documents subpoenaed from the Theatre's lending institution, the Theatre's accounting firm, the company that purchased and then sold back the Theatre, and the published remarks of Presser -- raises questions whether the Front Row Theatre was used as a vehicle to provide approximately one million dollars to Presser for unspecified favors, and whether Jackie Presser breached a fiduciary duty by failing to disclose to the Department of Labor his profit from the sale of the Theatre. The sale was to an entity that employed Teamsters and was consummated during the time Presser served as a fiduciary of the Teamsters Central States Pension Fund. Presser himself invoked his Fifth Amendment privilege in refusing to answer the Commission's questions about his transactions with the Front Row Theatre on the ground that his answers might incriminate him. The Commission has referred this matter to the Department of Justice for possible criminal follow-up.

Violence as an Instrument of Organized Crime's Control of the  
Teamsters

Violence Against Teamster Rank and File

Title I of the Labor Management Reporting and Disclosure Act (LMRDA) guarantees all union members various rights, including the right to nominate candidates, to vote in elections or referenda of a labor organization, to attend membership meetings, to participate in the deliberations, and to vote on business at such meetings. Members also have the right to meet and assemble freely with other members and to express their views, arguments, and opinions.

Organized crime-influenced unions, including the IBT, rely on fear and violence to deny these rights to members. The violence takes many forms, literally ranging from verbal harassment to murder, to quell all forms of dissent, criticism, and opposition. Violence need not be an everyday occurrence. Occasional "examples" are often sufficient to persuade members that any opposition may create a substantial risk of injury or death.

Within the IBT there is an organized dissident group of Teamsters, known as Teamsters for a Democratic Union (TDU). TDU is extremely critical of the union's current leadership, as it

has been of past IBT leaders. On October 15-16, 1983, TDU held its annual meeting at a Hilton Hotel in Romulus, Michigan, outside of Detroit. TDU members rented rooms and a meeting hall and met to express their views.

On the first day of the TDU convention, another group of Teamsters--the Brotherhood of Loyal Americans and Strong Teamsters (BLAST), which was founded to oppose TDU and to support the IBT international leadership--set out to disrupt the meeting. BLAST is composed of Teamster members and officials and is backed by incumbent Teamster officials in Ohio and Michigan, including IBT president Jackie Presser. BLAST members travelled to Romulus in cars and at least nine chartered buses, from Cleveland, Youngstown, Columbus, Dayton, and Toledo, Ohio, and from Jackson, Flint, and Detroit, Michigan.

At the TDU meeting site, the BLAST members shouldered aside a policeman, tried to wrest his service revolver out of his holster, and pulled his keys and hat off and threw them away. The BLAST group took over the microphone at the podium, ran the TDU members out of the meeting hall, and tore down banners. Order was restored only after local, county, and state police arrived on the scene.

On the following day, TDU members at the convention received anonymous bomb threats at the Hilton Hotel. Police searched the premises but found no bombs. The BLAST participants in the

October 15 raid were not rank and file Teamsters. Records from the National Labor Relations Board indicate that the participants in this raid included two local IBT presidents, one local IBT vice president, two IBT secretary-treasurers, three union trustees, one organizer, and at least ten IBT business agents.

The BLAST raid is not simply another instance of violence against dissenters. It is violence specifically endorsed by the union president, which demonstrates the ability of the president's officers and close associates to carry out such violence with impunity. At the October 31, 1983, meeting of Teamsters Joint Council 41, in Cleveland, Ohio, IBT president and president of Joint Council 41, Jackie Presser, praised Teamster officials who led the raid against the TDU convention. The Commission subpoenaed copies of this transcript from the IBT in which Presser remarked:

I want to say something to you. I know all about that BLAST program taking place in Michigan. I must have gotten a hundred calls. I know exactly what happened there. I was pleased to see that there are Teamsters that want to stop all that crap, but I want to say something to all of you that I think is very dramatic, okay.

\* \* \*

The thing that affected me the most about last Sunday in Detroit, Michigan, was that there were a lot of guys there, I got the pictures of who was there. I could have imagined a lot of stronger, tougher guys going there, and tough truck drivers, but I was looking through the pictures, and you know who was in the front line of a real wild fight with state highway patrolmen and police there?

The Secretary/Treasurer of our Joint Council, Bill Evans, who's had two heart attacks. I wouldn't have let him go there in a hundred years. . . . There's plenty of locals that can send 4, 5, 10 guys. I really got upset because I saw Bill there. His value is too great to me and to this Council. . . . Bill, I want to tell you, you're a hell of a guy to take it on yourself. I would have been there, but I'm not you.

He was screaming and fighting and shoving and pushing and swinging like the rest of them, so you know, when the chips are down, that's where it's all at.

\* \* \*

I'm going to tell you something. We should be doing more of that. I'm going to tell you, I'm not going to let up on these people. . . . (emphasis added).

Presser also praised other union officers from Michigan and Ohio who participated in the BLAST raid. IBT officials distributed copies of Presser's comments for display at union halls in Ohio. . . . Presser invoked his Fifth Amendment privilege when questioned about this incident.<sup>29</sup>

Finally, evidence before the Commission suggests that union funds may have been used to support the activities of BLAST. While the secretary-treasurer of IBT Joint Council 41, William Evans, disclaimed all knowledge about the source of payment for the buses used in the BLAST raid, he told the Commission that no collection was taken up to pay for the buses. In addition, the IBT local and Joint Council officers who attended or sanctioned their members' participation in the BLAST raid were respondents in civil litigation seeking injunctions against their activities, a National Labor Relations Board complaint for the same subject, and a civil damage action. The Commission questioned Jackie

Presser and IBT counsel John Climaco about whether union monies were spent to support the raid and its legal aftermath. Despite several oral and written requests for a response, there has been no definitive response from the IBT or Presser. It is therefore possible to infer that IBT members' dues were used to rent the buses and to hire lawyers to defend the participants in the raid.

The BLAST raid is not the only instance in which IBT members have resorted to violence against union dissidents. For example, on December 4, 1983, the Detroit metro chapter of TDU held a membership meeting in Detroit, Michigan. Toward the end of that meeting, BLAST members, who had previously left when police arrived, returned and broke down a door that was being held secure by TDU members. In their subsequent attempt to gain entry to the meeting, the BLAST members assaulted several TDU members. At least one TDU member required stitches, and another was cut with a knife.

Indeed, even the Commission's own investigations have been affected by violence. A six-foot four-inch shop steward of Chicago IBT Local 705 beat a rank-and-file member because he attended the Commission's public hearing on labor racketeering in Chicago. While beating him, the shop steward asked the member if he wanted to go to more "hearings."

The plight of rank-and-file members, once their unions slip under the control of mobsters, was vividly described by Charles Allen, self-confessed killer and "strong arm" man for LCN members Russell Bufalino and Tony Provenzano in IBT and HEREIU union locals in the Pennsylvania, New Jersey, and Delaware areas. In 1982, in testimony before the Senate Permanent Subcommittee on Investigations, Allen described his responsibilities for the 10,000-member HEREIU Local 54 of Ralph Natale and Albert Diadone in Atlantic City and the 2,500-member IBT Local 326 of Frank Sheeran in Wilmington, Delaware:

Allen: I actually did anything I was told to do, from murder to selling drugs, from extortion to beating up people, highjacking. Whatever they told me to I did.

Sen. Rudman: And as a matter of fact, by your testimony, you would do what was asked of you?

Allen: Yes.

Sen. Rudman: So that if it looked like some legitimate union or a person were going to move into the leadership position in the union and you were told to go down and make sure they were discouraged or something like that, you would do that?

Allen: Yes.

Sen. Rudman: Including beating up people?

Allen: Yes.

Sen. Rudman: Including murdering people?

Allen: Yes, sir.<sup>30</sup>

The point of recounting instances of evidence related to violence is not simply to demonstrate that they occur. It is to show that the aggregate effect of such violence is to sap the ability and willingness of rank-and-file members to regain control of corrupt locals. Until IBT members are free to criticize their union officers without fear of retaliation, there is little or no chance that efforts other than those of law enforcement can turn the union back to its members.

The "Electric Chair": Organized Crime Threats to Teamster Presidents

There is no doubt that organized crime is fully capable of terrorizing and killing rank-and-file Teamsters. The disappearance of Hoffa in 1975 suggests that such terrorist tactics can also be directed at union leaders. Hoffa's disappearance was only one event in a pattern of mob terrorism against IBT presidents and high-ranking officers. Both before and after that disappearance, every Teamsters president since Dave Beck has been threatened with death by organized crime.

Such threats serve to remind Teamsters presidents that the LCN should get whatever it wants and expects from the IBT. To reinforce this understanding is important to organized crime, as a series of Teamsters leaders in the past 30 years were beholden to, or deeply in fear of, the LCN. The following exchange in 1979 between Joseph Hauser, who looted the Central States Pension Fund of millions of dollars, and New Orleans La Cosa Nostra boss

Carlos Marcello, shows that the individual officers are not of interest.

Hauser: Who you closer with, the guy in Kansas City [Roy Williams] or the guy from St. Louis, Missouri [Harold Gibbons]?

Marcello: It don't make no difference, either one of 'em. It's all the same.<sup>31</sup>

During the 1960's, as they left a hotel, IBT president Jimmy Hoffa directed Roy Williams not to walk near him. Hoffa told Williams to do this for his own safety because the Detroit La Costa Nostra family was violently displeased with Hoffa and had sent a signal that Hoffa would be killed. According to Williams, Hoffa made a pilgrimage to Detroit to rectify the problem. Williams remarked that Hoffa did not "make a move" without the approval of the "boys" [LCN] in Detroit.<sup>32</sup>

During his imprisonment in the 1960's, Hoffa shared quarters at one time with Tony Provenzano. Provenzano later told Roy Williams that he developed an intense dislike for Hoffa during that period. Partly because of Provenzano's opinion, Williams said it was no surprise to him that Hoffa was murdered in order to prevent him from making another bid for the international leadership.<sup>33</sup>

Frank Fitzsimmons was also the target of mob death threats. At one point during his presidency, Fitzsimmons confessed to Williams that he was "in worse trouble in Detroit than Jimmy Hoffa ever was."<sup>34</sup> Eventually, Fitzsimmons achieved a measure

of detente with the Detroit LCN, apparently agreeing to give them authority in their running of IBT locals.

Prior to becoming president of the IBT, Jackie Presser allegedly characterized that office as an "electric chair" and a "death chair." Presser discussed the success of government prosecutions of IBT presidents Beck and Hoffa and noted:

[I]f you are totally honest and if you try to clean up the union. . . and you try to do it fast enough and without accommodations so the government won't get you, the other guys - the hoods - will get you. Just like they got Hoffa when he threatened them. So that's a death chair either way.<sup>35</sup>

During the 1970's, when two factions of the Cleveland La Cosa Nostra engaged in a bloody battle for control of illegal businesses in that city, Presser was the target of such death threats. Presser told Roy Williams that he, Presser, had backed the "wrong" faction in the mob and that his life was in danger. During this period, Presser relied on personal bodyguards and, according to Williams, eventually things returned to normal.<sup>36</sup>

## Organized Crime and Teamster Locals

Organized crime cannot control a union's international officer without controlling important locals in that union. The list of locals controlled or influenced by organized crime is long and sobering. On the basis of information from federal law enforcement agencies, the Commission has found a documented relationship between La Cosa Nostra organized crime factions and 36 influenced Teamster local unions, 1 joint council, and a state conference. Profiles of several IBT locals demonstrate the pervasive hold that organized crime has over various local Teamster bodies.

### New Jersey Local 560: Organized Crime "Captures" a Local

For more than two decades, organized crime controlled Teamsters Local 560 in Northern New Jersey. Its control was so pervasive that in 1984, the civil racketeering provisions of a federal law (RICO) were used for the first time to impose a trusteeship on a local union. Judge Harold Ackerman, who presided over the case, found that organized crime had "captured" Local 560, its welfare and pension funds, and its severance pay plan. He ordered all members of Local 560's executive board removed and put the local into trusteeship until such time as the membership can freely nominate and elect new officers.<sup>37</sup>

Under the leadership of Anthony Provenzano, Local 560 was used for more than 20 years by a "group of gangsters, aided and abetted by their relatives and sycophants," who engaged in a "multifaceted orgy of criminal activity" against the rank-and-file membership.<sup>38</sup> Anthony "Tony Pro" Provenzano began as a business agent for Local 560 in 1954, became president of the Local in 1958, and later served as secretary-treasurer between 1975 and 1978. Lapses in his union service were caused by several prison sentences he served for offenses ranging from extortion to murder. First convicted of extorting labor peace payoffs between 1952 and 1959, Provenzano was later convicted of conspiracy to receive kickbacks relating to a proposed loan from a Teamsters benefit fund. In 1978, he was sentenced to life imprisonment for the 1961 murder of Local 560 secretary-treasurer Anthony Castellito, who was a contender for Provenzano's office in Local 560. Finally, in 1979, Provenzano was convicted on RICO charges for receipt of labor peace payoffs from the Seatrain Corporation.

Convictions and jail sentences did not deter Provenzano from consolidating and exercising his control over Local 560. His brothers, Nunzio and Sam, acted for him in his absence. The Provenzanos and their organized crime associates were allegedly responsible for the May 24, 1963, murder of IBT member Walter Glockner, who protested the appointment of a member of the Provenzano ring as a business agent. After a shouting and pushing incident at the union hall, Glockner was murdered in

front of his house. The members of Local 560 never again made a serious attempt to protest the Provenzanos' rule. Union members knew that dissent could earn them a death sentence. As Judge Ackerman wrote in connection with the murder of Anthony Castellito:

The disappearance [of Castellito] generated a perception among the membership that anyone who represented an actual or potential threat to the Provenzano Group's dominance and control over Local 560 ran the risk of physical injury. The nature and intensity of that perception has been such that it survives to the present day.<sup>39</sup>

Tony "Pro" Provenzano used his control of the local to increase his salary between 1962 and 1963 from \$20,000 to \$95,000. Business agent Stephen Andretta--later convicted of loansharking, counterfeiting, and extortion--had his salary raised to \$95,000 a year during the same period. Both Provenzano's and Andretta's salaries exceeded IBT president Jimmy Hoffa's salary at the time. Provenzano family members were also provided with jobs. Tony "Pro's" daughter, Josephine Provenzano, was elected secretary-treasurer at age 23, and received a salary of \$64,000. Asked to state why she was appointed, she told the court "because. . . I was a Provenzano."<sup>40</sup>

Other criminals also participated in the looting of the local. For his part in the Castellito murder, Salvatore Briguglio was rewarded with the role of business agent. Briguglio was later convicted of grand larceny and counterfeiting, and was suspected of having participated in the

murder of Jimmy Hoffa. Ironically, Briguglio himself was eventually murdered at the time of the indictment of Castellito's killers.

The officers of Local 560 also used the union to extort millions of dollars from trucking companies which paid for labor peace and the right to do business. They took millions more in payoffs from cooperating companies eager to enter into sweetheart contracts providing for reduced labor rates. Some employees of Local 560, forced to work under sweetheart contracts signed by the Provenzanos, received few of the promised benefits of the IBT Master Freight Agreement. The officers of Local 560 also conspired with benefit plan administrators to embezzle in excess of \$160,000 from the union's dental program and to cover the theft by falsifying documents. Some of the conspirators received thousands of dollars of free dental services, while rank-and-file members had to pay for their treatment.

Roy Williams stated in Commission testimony that the officers of the international were fully aware of the violence, extortion, and embezzlement that Local 560 officers were committing. Williams stated that even as IBT president he could do nothing about the problem.<sup>41</sup> The reason for this was that after capturing Local 560, the Provenzanos and other organized crime nominees "captured" the international.

For two decades a member of the Provenzano family was a member of the IBT's Executive Board. The Provenzanos were consulted on the appointment of other union vice-presidents. Salvatore Provenzano was named leader of the Eastern Conference of Teamsters. Instead of placing the local in a trusteeship and electing a clean slate of officers, the international confirmed the control of the Provenzanos. Only extraordinary effort by the Departments of Justice and Labor, including the first use of the civil provisions of the RICO statute, led to the unprecedented decision by a federal court to take control of the local and wrest it from the hands of organized crime.

#### New York Local 814

IBT Local 814, which services moving companies, is influenced by the Bonanno and Genovese organized crime families. Organized crime uses the local to extort labor peace payoffs from moving and storage companies in the New York area. The depth of organized crime's influence has led witnesses to refuse to testify before grand juries concerning the local, perhaps because they are afraid of organized crime's retaliation should they answer. In January 1984 the United States District Court for the Eastern District of New York held John Konovitch, shop steward for Local 814, in contempt and ordered his incarceration for failure to answer grand jury questions.

The corruption within the union spills over into the industry. In January 1984, the same District Court ordered Frank Narcisco, owner of the largest moving and storage company in New York City, held in contempt and jailed for his failure to answer questions before a grand jury.

Potential witnesses' fear of violence is not unfounded. In 1982, Anthony Gilberti, the vice president of Local 814, was shot nine times but survived, and has since entered the government's witness protection program.

#### Long Island Locals 295 and 851

IBT Local 295 in New York represents the truck drivers and warehousemen of the air freight forwarding and trucking businesses. This representation enables Local 295 substantially to control John F. Kennedy Airport in Queens, New York. Recent court-authorized electronic surveillance indicates that Local 295 is controlled by the Davidoff family. Harry Davidoff, the patriarch, is a veteran of Murder, Inc., a 1930's-era group of organized crime hit men. His son and daughter are also employees of the locals. Frank Calise, an LCN associate, is the local's president.

IBT Local 851 also represents employees at John F. Kennedy Airport, including clerical employees who review bills of lading of the air freight forwarding companies. In certain respects,

however, Locals 851 and 295 are indistinguishable: their benefit funds are invested jointly, and Harry Davidoff, who has served Local 295, is the vice president of Local 851 and his son Mark Davidoff is secretary-treasurer.

Davidoff's partnership with the Luchese crime family is currently the subject of an indictment in the Eastern District of New York. The indictment charges that Davidoff engaged in a variety of racketeering activities at the airport with LCN capo Paul Vario and LCN soldier Frank Manzo, and his associates, John Russo and William Barone. The complaint specifically alleges that certain air freight forwarding companies were not allowed to merge until certain payoffs were made to organized crime.

#### Local 813

Local 813, which serves the carting industry in New York, is operated by Bernie Adelstein. Adelstein's power in the Teamsters is reflected in the fact that he ran for an IBT Joint Council office to keep the son of Anthony Corallo, boss of the LCN Luchese family, from winning the position. Adelstein has a long-standing relationship with the Luchese family and with Paul Castellano, deceased boss of the Gambino family.

A recent investigation by the New York State Organized Crime Task Force produced a number of court-authorized electronic

surveillance intercepts concerning Local 813. One conversation indicates that, while Adelstein continues to work with La Cosa Nostra, the families are dissatisfied with their degree of control. To increase their control in the carting industry, Salvatore Avellino, a member of La Cosa Nostra, discussed with two carters the need to create a new local, Local 813A. On June 28, 1983, LCN member Salvatore Avellino began this conversation by discussing the "control" issue:

Salvatore Avellino: 813 is yours, "A" is ours and yours together. But now that we know it's the dog wagging the tail 'cause if we gonna go wrk. . . and we're gonna put these, ah, ah, 200, 300 people in it. Not let's take somebody, let's take a son, son-in-law, somebody put them into the office. They got a job. Let's take somebody's daughter, whatever -- she's the secretary. Let's staff it with --

Thomas Ronga: Our people.

Salvatore Avellino: --With our people, and when we say go break this guy's balls--

Thomas Ronga: They go.

Salvatore Avellino: --They're there 7:00 o'clock in morning to break this guy's balls.

Emedio Fazzini: --With an "A" or whatever, and there we won't be under Bernie [Adelstein] all the way, and meantime it will be--

Salvatore Avellino: You follow me.

Emedio Fazzini: Ya, I--

Salvatore Avellino: Let Bernie [Adelstein] have all the five (5) boroughs, Nassau/Suffolk is "A".

Thomas Ronga: What them two rebels [Aponte and Gonzalez]<sup>42</sup> wanted to do.

Salvatore Avellino: Right....

In a subsequent conversation, Avellino provides evidence that the LCN already controls the carters management association (the Private Sanitation Industry Association of Nassau/Suffolk Counties, Incorporated), but wants total control of the union itself, which it believes is better than controlling the employers:

Emedio Fazzini: You've got to control the man; that's the power.

Salvatore Avellino: That's the power.

Emedio Fazzini: You gotta control the workers (inaudible) right now you control the employers.

Salvatore Avellino: Do you understand me, now when you got a guy that steps out of line and this and that, now you got the whip. You got the [expletive deleted] whip. This is what he [Corallo] tells me all the time, "a strong union makes money for everybody, including the wise guys." The wise guys even make more money with a strong union.

Emedio Fazzini: True.

Salvatore Avellino: Because, because the envelopes [kickbacks] could be bigger and better.

One case study demonstrates most clearly how the cooperation of La Cosa Nostra, corrupt Teamster officials, and corporations can result in a concerted scheme to obtain a commercial "edge."

Beginning in the late 1960s, Eugene Boffa, Sr. created and controlled more than 30 labor-leasing companies throughout the country. The companies were located in 30 states--including California, Illinois, Missouri, New Jersey, New York, Pennsylvania and Texas, as well as in Canada and Puerto Rico. While these companies held themselves out as separate and individual concerns, in fact all of them were controlled by Boffa, and later his son, Robert Boffa. Many of the legitimate corporations, which used the services of these labor-leasing companies, were fully aware that the various entities were all connected to Boffa.

A Boffa labor-leasing company acted as the employer of IBT-organized truck drivers and warehousemen. A corporation needing drivers at particular locations would contract with the Boffa company and receive the needed drivers, as well as their replacements, when regular employees were sick or on vacation.

Boffa promoted his business by creating labor problems at both organized and unorganized job sites, frequently through a corrupt union official who had been bribed. At an unorganized shop, the bribed union official would threaten a union recognition campaign and then "suggest" that Boffa's intervention

could alleviate such problems. If the job site was already organized, the official would threaten wildcat strikes and slow downs. Once a Boffa company was selected as the labor leasing source, the company would fire its work force and "lease" the same labor services from Boffa. Boffa generally hired only those "discharged" employees who were not expected to be troublesome or to question the new arrangements. Boffa would then "lease" the services of those employees to their former employers.

Boffa's contracts invariably hurt the workers affected by the leasing arrangements. Sometimes wages would be reduced but, more generally, changes would be made in less obvious contract items. For example, routine work rules would be suspended for the benefit of the corporation. Drivers would not be paid "clean up" time or for the periods they remained in the terminal. Mileage and other indirect wage formulas might be altered. Troublesome employees not weeded out at the beginning of the labor-leasing contract would be discharged or offered work at distant locations. Because union officers were receiving kickbacks from Boffa, fired individuals seldom obtained favorable rulings from these officers at their grievance hearings. Drivers were often required to use unsafe equipment. Furthermore, because Boffa was the "employer," striking workers could only picket Boffa's office, not the corporation utilizing their services. In these and other ways a Boffa contract benefited the employer, who paid Boffa approximately 10 percent above his gross payroll costs as a "service fee." One Boffa labor-leasing

official remarked that the central benefit of labor peace "was a return to plantation days for employers."<sup>43</sup>

Boffa's operation could not have succeeded without his La Cosa Nostra connections. Boffa was an associate of the powerful La Cosa Nostra boss Russell Bufalino of Wilkes-Barre, Pennsylvania. In addition, the New Jersey Provenzano family acted as his partner, protector, promoter, and base of power, as well as a connection to the New York Genovese family. Boffa combined these organized crime partnerships with assistance from corrupt union officers who were willing to accept bribes and kickbacks. Teamster vice presidents Sam Provenzano and Jackie Presser, and Joint Council president Sam Ancona were the most important of these individuals because they provided a network of union friends who could be influenced and exert influence on behalf of Boffa. Frank Sheeran, president of Local 326 in Wilmington, Delaware, was another partner of Boffa in creating labor problems or guaranteeing labor peace, whichever was required under the particular scheme. Sheeran also reported to Russell Bufalino. Boffa himself was the conduit for almost all bribes paid to LCN members and union officials. LCN associate Nicholas Robilotto of IBT Local 215 in Albany, New York worked with Boffa, as did Robert Groves of IBT Local 910 in Ohio.<sup>44</sup>

Occasionally, Boffa's corporate clients demanded that Boffa reduce labor costs even further. Boffa accomplished this by engaging in corporate shell games designed to reduce the wages

and benefits of the employees who worked for him. First, Boffa terminated all employees and the existing contract with a corporate client. Another Boffa-controlled company would then be chosen to supply labor services and would sign a new contract for less money, thus cutting the wages and benefits of the newly-rehired workers. As Robert Rispo, an enforcer for Boffa, described it, the drivers had no choice but to accept 90 percent or 80 percent of their former salary because "half a job is better than no job."<sup>45</sup> Any worker who protested too much was not rehired, and payoffs to union officials left the workers without an avenue for redress of grievances.

David Kelly, traffic manager for the Continental Can Corporation, told the Commission that Boffa companies won the right to enter into leasing contracts with his company by submitting the most attractive bid, and that he was unaware that Boffa owned more than one company involved in the shell games.<sup>46</sup> His testimony was refuted at trial by several witnesses, and the record before the Commission shows that most corporate managers knew or should have known exactly what was occurring. As Bobby Rispo noted, "it boils down to without the union, the corporate people, and us [Boffa and his connections], the scheme wouldn't work."<sup>47</sup>

Eventually, Boffa's scheme unraveled. Several cars driven by LCN members and union officials in Detroit at the time of Jimmy Hoffa's disappearance were traced back to a leasing

operation owned by Boffa. The cars were used as payoffs to favored union officials. Subsequent investigation uncovered Boffa's empire of companies. Law enforcement authorities used federal RICO forfeiture provisions to seize Boffa's companies, including assets of \$200,000 in cash and \$150,000 in accounts receivable. For his role in the labor leasing scheme, Boffa received a 20-year prison sentence and was fined \$47,000. IBT Local 326 president Sheeran was sentenced to 18 years in prison; his conviction was overturned and a retrial resulted in a plea of guilty and a three-year sentence.

Subsequent events indicate that the Boffa organization and operation continues even today. When law enforcement efforts prevented his companies from continuing to operate, Boffa simply formed new corporations. He controlled these companies from his prison cell, calling his employees several times each day to give directions concerning their operation. In addition, financial benefits continued to flow to the Boffas. Robert Boffa's wife was paid \$750.00 per week for leasing company clerical work. Tens of thousands of dollars were paid to Eugene Boffa, Jr., an attorney and brother of Robert Boffa, for legal services that were either overpriced or undelivered. When subpoenaed to testify concerning the operations of the labor leasing business, both Robert and Eugene Boffa refused to answer questions and invoked their Fifth Amendment privilege.

Many corporations--including such large, prominent corporations as Inland Container; J. C. Penney; Spiegel; GAF; Atlantic Cement; Iowa Beef; Continental Can; Crown Cork & Seal; Crown Zellerbach; and various soda bottling companies -- did business with Eugene Boffa and his companies.<sup>48</sup> Some corporations did business with Boffa while he was under indictment and even after his conviction. Philip Silver, the recently-named President of Continental Can, admitted in retrospect that his company "should have disengaged more promptly and completely following Mr. Boffa's conviction."<sup>49</sup> Continental Can has adopted a constructive corporate policy designed to avoid such problems in its future labor leasing operations. Other companies were less responsive. Business arrangements with the Boffa family continued unabated for Crown Cork and Seal as of June 1985. In fact, when Crown Cork and Seal was formally notified of the Commission's interest in labor-leasing companies and invited to send a spokesman to the Commission's public hearing, the company's general counsel sought to obtain an affidavit from an employee of the Boffa company, which would exonerate Crown's corporate officers by stating that Crown did not know with whom it was dealing. The proposed affiant, Samuel Solomon, refused to sign such a statement because he was certain Crown Cork personnel knew that Boffa continued to control the companies.<sup>50</sup>

Conclusion

At both the international and local levels, the IBT obviously continues to suffer from the relationship with organized crime. Indeed, so pervasive has this relationship become that no single remedy is likely to restore even a measure of true union democracy and independent leadership to the IBT. Sustained commitment of governmental resources to dislodge organized crime from the IBT through a combination of criminal prosecutions, civil action, and administrative proceedings is the only approach that offers even a modest hope of success in the long run. If the Local 560 case is representative of the depths of the problem, systematic use of trusteeships by the courts may be necessary to prevent organized crime from continuing to do business as usual in the IBT.

ENDNOTES

<sup>1</sup>Deposition of Roy L. Williams by the President's Commission on Organized Crime, September 13, 1985 [hereinafter cited as Williams Deposition].

<sup>2</sup>See United States v. Williams, 565 F.Supp. 353 (N.D.Ill.), cert. denied, \_\_\_ U.S. \_\_\_ (1985).

<sup>3</sup>D. Moldea, The Hoffa Wars 26 (1978).

<sup>4</sup>Williams Deposition, supra note 1.

<sup>5</sup>Id.

<sup>6</sup>FBI Report, March 30, 1979, known as the Crown Center Overhear, for the particular hotel that served as the site of the meeting of Civella, Dorfman, Lombardo, Tamburello and others. [hereafter Crown Center overhear]

<sup>7</sup>Debriefing of Roy L. Williams by Commission staff [hereinafter cited as Williams debriefing].

<sup>8</sup>Id.

<sup>9</sup>Williams Deposition, supra note 1.

<sup>10</sup>In 1977, the assets of the Teamsters Central States Pension Fund were \$1.59 billion of which 60.6 percent was in real estate; at that time \$260.6 million of the real estate portfolio was invested in Nevada, nearly all of that in gaming assets. By 1985 the fund had grown to \$5.3 billion in assets, but the mix was quite different. Real estate investments were down to \$336 million, or 6.3 percent; Nevada real estate had been reduced to \$34.7 million. The dramatic shift in the Fund's investment direction came after years of protracted litigation with the U.S. Department of Labor. This litigation culminated in the signing of consent decrees in 1983, enforceable in U.S. District Courts, for both the pension and health and welfare funds. The main provisions of the decrees are that the funds will be managed by a named fiduciary with complete responsibility and authority for the investments of the funds; the funds will maintain a qualified internal audit staff; an independent special counsel will monitor the funds' compliance with the consent decrees; and any fiduciary or administrator who has been convicted of certain crimes will be removed from the funds' service upon conviction, rather than at the conclusion of the appeals process.

Lastly, the funds took over, with Court approval in 1983, the assets of the late Allen Dorfman's Amalgamated Insurance Company, and began processing claims in-house. This step was not just significant for the funds in terms of the benefit monies saved which had been diverted to Dorfman and his cronies -- it was highly symbolic and accelerated the process of the fund's severing its ties with Dorfman's operation.

<sup>11</sup>Crown Center overhear, supra note 6.

<sup>12</sup>United States v. Dorfman, 470 F.2d 246 (2d Cir. 1972), cert. denied, 93 S. Ct. 1561 (1973)

<sup>13</sup>Williams Deposition, supra note 1.

<sup>14</sup>Deposition of Thomas F. O'Malley by the President's Commission on Organized Crime, April 5, 1985.

<sup>15</sup>United States v. Shurr, (E.D. Pa. 1983).

<sup>16</sup>Williams Deposition, supra note 1.

<sup>17</sup>Id.

<sup>18</sup>Id.

<sup>19</sup>Crown Center Overhear, supra note 6.

<sup>20</sup>S. Brill, The Teamsters, 352-400 (1978).

<sup>21</sup>United States v. Local 560, 581 F. Supp. 279, 293 (D.N.J. 1984).

<sup>22</sup>Oversight of Teamsters Union, 1983: Hearing Before the U.S. Senate Committee on Labor and Human Resources, 98th Cong. 1st Sess. 10 (1983).

<sup>23</sup>This figure includes salaries, allowances and expenses, but no multiple pensions to which Presser will be entitled. Compiled from financial reports filed with the Department of Labor for fiscal year 1984.

<sup>24</sup>Presser sought to quash the Commission's subpoena, in part, on the ground that the criminal investigation into the Local 507 payroll-padding scheme was pending at the same time. The U.S. District Court rejected this argument and ordered Presser to appear at a deposition. At two depositions on March 26, 1985 and August 13, 1985, as well as at the Commission's public hearing on April 29, 1985, Presser invoked his Fifth Amendment privilege against self-incrimination in response to all questions, including inquiries about the history of the IBT, the criminal convictions of his predecessors, use of union-sanctioned violence against dissident groups, and payment of bribes and kickbacks to IBT officials. The Commission's active investigation of Presser ended when the Commission's request for authority to compel Presser's testimony was rejected by the Justice Department.

<sup>25</sup>Interview of Thomas Lanci, April 1985.

<sup>26</sup>Williams Deposition, supra note 1.

<sup>27</sup>Organized Crime and Labor-Management Racketeering: Hearings before the President's Commission on Organized Crime, April 1985, at 209 [hereinafter cited as Labor-Management Racketeering Hearings].

<sup>28</sup>G. Stricharchuk, "The Teamsters Jackie Presser," Cleveland Magazine, October 1980, at 71.

29 Transcript of the Commission's March 26, 1985 deposition of Jackie Presser, which states in pertinent part:

- Q. You have spoken harshly about rank and file men who oppose your administration. Do you support the use of union sanctioned violence against such dissident rank and file members?
- A. Upon the advice of counsel I wish to invoke the Fifth Amendment right to not to testify.
- Q. What explanation can you offer the Commission for your extensive statements supporting such violence, made by you on October 31, 1983, to Joint Council 41?
- A. Upon the advise of counsel I wish to invoke the Fifth Amendment right not to testify.

Because Presser asserted his Fifth Amendment privilege in response to the Commission's questions about his support of violence against dissidents, the Commission subpoenaed William Evans, the Secretary/Treasurer of IBT Joint Council 41 and the individual whom Presser praised for his role in the raid. Evans provided testimony to the Commission under a grant of immunity in March 1985.

The depth of loyalty that Presser commands was evident in Evans's deposition. In an effort to exonerate himself and Jackie Presser, Evans dismissed Presser's remarks as exaggerated and boastful. On other points, Evans's testimony and his views of the facts differed significantly from other eyewitnesses' accounts on record concerning the BLAST raid. For example, Evans claimed he went to Romulus because he heard TDU had open meetings, and he thought it would be an "educational experience" to attend this convention. He claimed he did not know who organized the trip, who arranged or paid for the buses, or which persons led the group. He stated that he recognized only two other persons who travelled from Ohio to Michigan for the event. Evans claimed that he was simply trying to order breakfast when he came upon the fracas at the hotel, and that he could not remember any violence or threats of violence. He also maintained he does not know what the BLAST acronym means. He stated he did not see BLAST signs or hear conversations to indicate that activities at the Romulus convention were in any way sponsored by BLAST.

The Commission also subpoenaed Wendell Quillen, a trustee of Joint Council 41, and Secretary-Treasurer of Local 957, to provide testimony concerning the BLAST raid. Quillen refused to answer questions on the basis of his Fifth Amendment privilege. Subsequently, Quillen told Dayton Daily News reporters he went to the TDU meeting to "see what it was all about," and said of his refusal to testify before the Commission, "Why should I tell them anything...."

<sup>30</sup>Hotel Employees and Restaurant Employees International Union: Hearings Before the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs, 97th Cong., 2nd Sess. 69 (1982).

<sup>31</sup>Court authorized electronic surveillance of a conversation between Joseph Hauser and Carlos Marcello at the Maison Dupuy Hotel in New Orleans, Louisiana on April 2, 1979.

<sup>32</sup>Williams Deposition, supra note 1.

<sup>33</sup>Id.

<sup>34</sup>Id.

<sup>35</sup>Presser was asked by the Commission to confirm or deny making this statement, as quoted in S. Brill, The Teamsters, at 349. He refused to answer this question at his deposition on March 26, 1985, on the grounds that the answer might incriminate him.

<sup>36</sup>Williams Deposition, supra note 1.

<sup>37</sup>United States v. Local 560, 581 F. Supp. 279 (D.N.J. 1984).

<sup>38</sup>Id. at 282.

<sup>39</sup>Id. at 312.

<sup>40</sup>Id. at 293.

<sup>41</sup>Williams Debriefing, supra note 7.

<sup>42</sup>In 1976, "rebels" Ray Aponte and Reuben Gonzalez attempted to begin a rival carters union. Shortly afterward, they were murdered and found in the trunk of a car.

<sup>43</sup>Labor-Management Racketeering Hearings, supra note 27, at 197.

<sup>44</sup>Deposition of Robert Rispo, February 14, 1985 [hereinafter cited as Rispo Deposition].

<sup>45</sup>Id.

<sup>46</sup>Deposition of David Kelly, before the President's Commission on Organized Crime.

<sup>47</sup>Rispo Deposition, supra note 44.

<sup>48</sup>Id.

<sup>49</sup>Labor-Management Racketeering Hearings, supra note 27, at 276.

<sup>50</sup>Id.

## SECTION SIX:

### THE LABORERS' INTERNATIONAL UNION OF NORTH AMERICA [LIUNA]

#### A CASE WAITING TO BE MADE

##### Introduction

The Laborers International Union of North America (LIUNA), formed in 1903, is one of 15 unions that belong to the Building Construction Trades Departments of the AFL-CIO. It represents approximately 400,000 laborers in more than 900 locals around the nation and in Canada. Of all construction workers, laborers perform the dirtiest, most strenuous, and some of the most dangerous jobs. They do demolition, blasting, and excavation tasks. They pour cement and move debris. They also carry out a variety of other tasks, such as removing asbestos, which are sometimes done by other union groups; thus, they function as a ready source of substitute labor on the construction site.

The typical laborer has a limited formal education and few skills. He depends on the collective strength of the union to provide job security, a fair wage, and health and pension benefits. If the union's leadership is corrupt -- if the leaders steal or misuse workers' funds or if they accept payoffs to permit employers to overwork, underpay, replace workers or disregard job safety measures -- the individual has limited recourse.

Collectively laborers play an essential and pivotal role in the construction industry. If organized crime influences the laborers' union, it is in a powerful position to pressure and threaten contractors. As the case study of the New York City construction industry in this report demonstrates, organized crime can use its influence over the union to exact payoffs, force contractors to deal with organized crime-affiliated suppliers or subcontractors, or punish legitimate unions by substituting lower cost laborers in place of a higher cost trade union.

Based on reports of Federal law enforcement and its own investigation, the Commission has found that organized crime has a documented relationship with at least 26 LIUNA locals, 3 district councils, as well as the International Union.

### Organized Crime's Influence

#### The International

On the international level organized crime exerts its influence principally through top officers who are associates of organized crime. This judgment is supported by surveillances of LIUNA General President Angelo Fosco meeting with members of the Chicago La Cosa Nostra group known to its members as the "Outfit". For example, Fosco was observed meeting with Paul DeLucia, former

leader of the Chicago La Cosa Nostra; and Dominic Blasi, member of the Chicago LCN.<sup>1</sup>

According to former union officers, Fosco does not have a reputation for being a dynamic or influential leader within the union, but he does have the power to authorize expenditures of union funds and award certain patronage jobs, including posts known as "special international representatives." Fosco has named as special international representatives convicted Chicago LCN territorial boss Al Pilotto and indicted Laborer's official and St. Louis LCN boss Matthew Trupiano.<sup>2</sup>

One of LIUNA's vice presidents is John Serpico. Serpico is also president of LIUNA Local 8 in Chicago.<sup>3</sup> In testimony before the Commission in 1985, Serpico admitted that he is a friend or personal acquaintance of virtually every important organized crime leader in Chicago.<sup>4</sup> These include Tony Accardo, the "boss of the bosses" in the Chicago La Cosa Nostra, and Joseph Aiuppa and Jackie Cerone, the LCN's principal underbosses to Accardo. Serpico also knows several LCN territorial bosses who report to Aiuppa and Cerone, including Vincent Solano, president of LIUNA Local 1, Al Pilotto, formerly president of LIUNA Local 5, and Joseph Ferriola, who Serpico stated was a "close personal friend".<sup>5</sup>

As president of Local 8, Serpico has employed LCN members to serve as the local's officers and agents. Business agent

Fiore Buccieri is the son of deceased LCN territorial boss "FiFi" Buccieri. Business agent Steve Torello is the son of deceased LCN territorial boss "Turk" Torello. The union's lawyer is Jack Cerone, the son of LCN underboss Jackie Cerone.<sup>6</sup>

For approximately seven years Chicago LCN member John Fecarotta was listed as a Local 8 "business agent" and "organizer." Fecarotta, himself a boss in the Chicago LCN, reports to territorial boss Angelo La Pietra.<sup>7</sup> In his testimony to the Commission Serpico could not relate a single specific contribution that Fecarotta made to Local 8. Serpico did recall that Fecarotta, in addition to his salary, was given a union car for providing two organizing "tips" to the union. Neither Serpico nor Fecarotta could remember what those "tips" were. In fact, when questioned by the Commission, Fecarotta could not remember anything he did for the union. He did not know any terms of the union's collective bargaining agreement or its pension plan. He did not know what information was on membership cards he claimed to have handed out. He did not know the name of management employees or union stewards with whom he dealt.<sup>8</sup> Fecarotta was apparently a "ghost" employee who received an unearned salary and apparently used his union position as a legitimate cover.

Organized crime has also used LIUNA to gain access to the political arena. For example, John Serpico, LIUNA International vice president and Local 8 president, has maintained an active relationship with LCN leaders; at the same time, he is a Chicago

civic leader of some importance. Serpico has served multiple terms as a member, and has served as the chairman of the Chicago Regional Port Authority.<sup>9</sup> This position provides a salary over and above his union salary, and could provide a source for patronage jobs and contracts. Serpico told the Commission that, while Chicago Mayors Daley and Byrne and Illinois Governors Walker and Thompson were in office, each received or returned his phone calls as a matter of course.<sup>10</sup> Serpico's relationship with Democratic and Republican office holders could provide the opportunity for him to use his union position to advance the interests of his organized crime acquaintances.

#### The Locals

As Serpico's Local 8 illustrates, organized crime's influence over LIUNA is most extensive at the local level. This control is particularly concentrated in large cities, such as Chicago, Cleveland, St. Louis, and New York, as well as smaller cities such as in New Jersey.

The best documented examples are influenced locals in the Chicago region. Again, the degree of the control is relative to the number of union offices held by LCN members or their relatives. For example, LIUNA Local 1 in Chicago provides a safe haven for known members and leaders of the Chicago La Cosa Nostra.

The president of Local 1 is Vincent Solano, a territorial boss of the LCN Outfit on the north side of Chicago. Ken Eto, an LCN associate, who knew Solano for many years and reported to him for almost a decade, described Solano's operation and the territory he controls in testimony before the Commission.

According to Eto, Solano controlled all forms of illegal gambling, including poker, bolita, ziganetta, horse bookmaking and sports bookmaking in his area. Solano also ran extortion rackets against bars, restaurants, topless clubs, pornographic bookstores, and massage parlors, and supplied these businesses with vending machines, such as cigarette and jukeboxes. Solano used the Local's headquarters as a contact point for his criminal organization. Eto told of how Solano confirmed meetings at prearranged locations near the union hall and met with members of his crew to receive payoffs, give directions, and, in the words of Eto, receive "respect" from those who worked for him. Eto personally paid Solano a share of the proceeds of his illegal gambling operations. At Solano's direction Eto made regular payments to other LCN members.<sup>11</sup>

Solano apparently suspected that Eto might become a government informant, and he ordered him killed. On February 10, 1983, John Gattuso and Jasper Campise, members of Solano's group, shot Eto three times in the back of the head while the three were allegedly on their way to meet Solano for dinner. Miraculously, Eto lived, and subsequently became an FBI informant.<sup>12</sup> On July

14, 1983, the mutilated and strangled bodies of Campise and Gattuso were found in the trunk of a car in Naperville, Illinois. Without the testimony of Campise and Gattuso there is little chance that corroborative evidence can be found to convict Solano of Eto's attempted murder. Solano remains president of Local 1.

LIUNA Local 1 vice president is Salvatore Gruttadauro. The recording secretary is Frank "Babe" DeMonte. Both Gruttadauro and DeMonte are members of the LCN whom Eto stated directed groups of criminal soldiers and associates.<sup>13</sup> Gruttadauro is presently awaiting trial on charges of violating the Taft-Hartley Act, 29 U.S.C. §186 in the Northern District of Illinois (No. 85-Cr-731). Gruttadauro owns an interest in the Triple A Chemical Toilet Company, which rents portable toilets to construction sites and to the City of Chicago. DeMonte is a second generation member of La Cosa Nostra; his father was a member in the Chicago LCN.<sup>14</sup> DeMonte has served time in jail for contempt rather than testify before a grand jury. DeMonte assists Solano in the operation of his illegal activities.<sup>15</sup>

Chicago LIUNA Local 5 is another influenced local union. Former special international representative and local president Al Pilotto, who also served as vice president of the Laborers District Council in Chicago, is an LCN territorial boss. Another LCN member who has served as a union officer is Dominic Palermo, field representative.

In 1981, in law enforcement's single major case against LIUNA racketeering, United States v. Accardo, Pilotto was indicted with LIUNA general president Fosco, LCN boss Tony Accardo, and other LIUNA officials for looting the union's health and welfare funds. In July 1981 Pilotto was shot by mob hit men while playing golf. Pilotto survived and was ultimately convicted in the insurance fraud scheme.

LIUNA locals in Chicago are not isolated instances of organized crime's control over the union. For example, in St. Louis the connection between the LCN and the Laborers Union is Matthew Trupiano, the president of Local 110 and boss of the St. Louis LCN family; and in New Jersey Local 394 business manager John Riggi is underboss and acting boss of the DeCavalcante family.

The Commission's attempts to explore LIUNA officers' ties to organized crime were repeatedly hampered by certain officers' refusal to cooperate with the Commission's investigations. LIUNA general president Fosco and other LIUNA officers repeatedly refused to answer questions or testify, invoking the Fifth Amendment protection against compulsory self-incrimination.

Labor Racketeering at LIUNA

Organized crime has used its influence over the Laborers' union to obtain workers' benefit funds, provide no-show jobs for LCN members, pay the personal expenses of union officials, gain access to the political process, and (as discussed in the case study of the New York construction industry), manipulate the construction market.

John Serpico, president of Liuna Local 8 and president of Central States Joint Board Health and Welfare Trust Fund, provides an example. In January 1985 the Commission began to examine in detail the dental program of the Central States Joint Board Health and Welfare Trust Fund<sup>16</sup> (Local 8 was one of the eight unions affiliated with this fund) and the roles that administrator Robert J. Cantazaro and union executive John Serpico played in that \$5 million benefit plan. This investigation disclosed that the Chicago LCN apparently participated in a scheme to siphon off hundreds of thousands of dollars from LIUNA Local 8's dental plans.<sup>17</sup> The front man for the scheme was Cantazaro.

The scheme began in the spring of 1976 when John Serpico introduced Cantazaro to the trustees of the Fund as an "insurance specialist."<sup>18</sup> In fact, Cantazaro at the time was a bail bondsman who dabbled in insurance from his home office. He had no prior experience in administering dental plans and providing dental care. As a bidder for the Fund's dental contract, Cantazaro presented his dental plan to the trustees for their

approval. Three other bidders also presented plans. Because Cantazaro also acted as the Board's insurance broker, he had solicited and reviewed these competitive proposals, a fact not disclosed to the trustees.<sup>19</sup>

On September 16, 1976, Cantazaro was formally awarded the Fund's contract for a dental program. Under the contract Cantanzaro was to operate a clinic in a building he owned and rented to the Fund, process members' claims, and perform other administrative tasks. Fifteen months after the clinic began operations, it closed. The clinic ended its operations just when there were complaints that more clinics were needed to improve service to the membership. Sufficient funds had already accumulated to build additional clinics but, instead of opening more clinics, Cantazaro closed the one that seemed to operate satisfactorily.<sup>20</sup>

Under Cantazaro's new agreement to process members' claims and perform other administrative functions, he did not provide any actual dental services. He simply paid claims as they were presented to his insurance company. From January 1, 1978 through December 31, 1983, Cantazaro received \$5,131,000 in insurance premiums. More than 68 percent of this money was used to pay corporate overhead and profits for Cantazaro's companies. The Commission's investigation disclosed that, of total insurance premiums paid, approximately \$ 2.5 million was directly traced to Cantazaro and his family.<sup>21</sup>

The Commission's investigation of the dental fund scheme was hampered by the refusal of several witnesses to testify. On March 21, 1985, Robert Cantazaro was immunized by the Commission but refused to answer any questions and was imprisoned for contempt.<sup>22</sup> John Fecarotta, former Laborers Local 8 business agent and an LCN member, was also subpoenaed and compelled to testify. Three days prior to a hearing to consider whether he should be held in contempt, Fecarotta claimed he suffered angina and diabetes attacks. Fecarotta checked himself into hospitals in three states, and ultimately answered questions by deposition from his hospital bed.

The Commission found that only 32 cents of every dollar contributed to the Central States Joint Board Health and Welfare Trust Fund dental plan was applied to members' benefits.<sup>23</sup> The case underlines the need for new efforts to prevent the loss of benefit fund money paid to fund administrators who charge grossly inflated service fees. Despite Cantazaro's extraordinary profits and despite the evidence of his organized crime connections, he apparently violated no federal law in handling union funds. At a Commission hearing George Lehr, the current executive director of the Teamsters Central States Pension Fund, commented on the administrative fees paid in the Cantazaro case:

I find it outrageous. It's a ripoff on its face. Our administrative costs, which we are unhappy with, are 6.8 percent. They are down from a little over 8 percent. . .

I would tell you 25 percent was a ripoff. There is nothing to describe 68 percent in my opinion.<sup>24</sup>

In addition, if the trustees of this Fund had employed basic precautions the breach of fiduciary responsibility evident in the Cantazaro case might have been avoided. These include using an independent consultant to evaluate competitive bids, ascertaining to whom brokers' fees and commission had been paid, and requiring in-depth periodic reports by the benefit plan provider about utilization, service received, cost of administration, and the amount of trust monies actually spent to provide benefits.

In other abusive spending incidents LIUNA's top officers have disbursed union funds for so many extraordinary expenditures, particularly for the payment of criminal defense fees, that at one point the international had insufficient income to pay its monthly bills.<sup>25</sup> In one incident the union appropriated over \$550,000 to pay the legal fees of Angelo Fosco in the United States v. Accardo trial. LIUNA officers have taken the position that all defense costs incurred prior to issuance of an indictment are legitimate expenses if the target of a grand jury is a union officer.<sup>26</sup> Accordingly, legal defense costs stemming from criminal charges -- even charges arguably unrelated to the officer's union responsibilities -- will be paid for by the union.

Another spending incident involved the second ranking member of the international's hierarchy, secretary-treasurer Arthur E.

Coia.<sup>27</sup> Coia, with Fosco's acquiescence, spent approximately \$200,000 of the membership's money to hire a private investigative firm to keep track of the United States Government's investigation of LIUNA. The private investigative firm never provided specific details of services provided to LIUNA, but Coia personally ordered that the bills be paid.<sup>28</sup>

Coia also attempted to obtain substantial attorney's fees from the union. Coia obtained assistance for his son, a LIUNA officer in Rhode Island, who petitioned the international for \$40,000 to pay legal fees stemming from a government investigation of the union. When the international's controller sent this bill to LIUNA's general counsel for authorization, Coia ordered the legal bills to be paid without question.<sup>29</sup>

The Persistence of Organized Crime Influence: Manipulation of Union Governance and Violence

Like other unions influenced by organized crime, LIUNA's internal structure perpetuates the existing leadership. Since LIUNA Executive Board members are elected at-large, it is almost certain there can be little effective opposition to national officers within the union. First, there is no power base upon which the opposition can rely. Consequently, opposition candidates run against a unified slate, and must conduct national campaigns. Second, LIUNA holds its conventions once every five years, the legal maximum under the Landrum-Griffin Act, and the elected at-large executive board fills all vacant executive board

positions. The infrequency of LIUNA conventions, coupled with the power to appoint executive board vacancies, leaves few offices contested. When the use of violence and intimidation are added, the membership has little opportunity to express itself democratically.<sup>30</sup>

As an illustration of the ability of an incumbent to control the union convention, general president Angelo Fosco, while under indictment for racketeering activities against the union, won election to a full term. Fosco's electoral success is also attributable to use of force and threats of violence against potential competitors. Fosco personally threatened long-time international vice-president Robert Powell with death, confronting Powell in public at a LIUNA dinner several months before the convention.<sup>31</sup> At the Commission's public hearing in Chicago, Powell testified that Fosco's ties to the Chicago LCN made such a threat believable.<sup>32</sup> Fosco was subpoenaed to appear at a Commission deposition and called to testify at a public hearing he refused to answer questions, invoking his Fifth Amendment privilege against compulsory self-incrimination.<sup>33</sup>

LIUNA secretary-treasurer Arthur Coia also tried to influence Robert Powell's decision not to seek the union's presidency. Powell was one of the few black leaders in a union whose membership is between 50 and 65 percent non-white. Powell testified under oath that Coia informed him that the "Italians"

had organized LIUNA, and no one outside that group could ever take control. Powell understood this to mean that Coia was referring to a traditional organized crime group, not the ethnic Italians in the union's rank and file.<sup>34</sup>

Powell received other anonymous death threats. On one occasion, a dead rat was placed on his car. Later, a pair of dead pigeons was left in the same place. Threatening telephone callers asked Powell if his life insurance was paid up and whether he "liked breathing." One caller suggested Powell should be careful to give testimony in a certain way in a civil case that rank and file members initiated against Fosco, LIUNA general counsel Robert Connerton, and others.<sup>35</sup> As a result of these threats, Powell gave false testimony in the lawsuit, which he recanted when questioned by the Commission.<sup>36</sup> Powell was forced to take certain precautions, such as sending his wife to live in another city for over a year. He wore a bullet-proof vest and carried a handgun. Powell declined to run for International president, and, within two years of Fosco's initial threat, he retired. During this same period the union's comptroller believed his office and home phone might be tapped. He told the Commission that his employers were concerned about "leaks."<sup>37</sup>

At the 1981 LIUNA convention a symbolic candidate, who had no chance of winning the election, was beaten by fellow delegates

in full view of the convention when he attempted to speak on the floor.<sup>38</sup>

Other Laborers officials have been murdered. For example, on January 17, 1982, 49 year old Bienvenido Medina, the long time recording secretary of the Philadelphia area Hod Carriers Local 332, was beaten to death by five masked men who visited his home in the middle of the night. Medina was murdered several days after he resigned his office and announced his candidacy for business agent of the local.

The chilling effect of such violence cannot be lost on local leaders or rank and file union members.

#### A Weak Governmental Response

The government has done little to end organized crime's hold over LIUNA. Its efforts have taken the form of criminal prosecutions, and even these have been only partially successful. The most important criminal case was United States v. Accardo, which began in 1981 with the indictment of LIUNA general president Angelo Fosco, Chicago LCN bosses Tony Accardo and Al Pilotto, other LIUNA officials, and a number of businessmen. Joseph Hauser, who carried out massive insurance fraud against the Teamsters Central States Pension Fund, as well as other union health and welfare trust funds in Florida, Indiana,

Massachusetts, and Arizona, was named as an unindicted co-conspirator.<sup>39</sup>

The defendants were charged with racketeering activities against local LIUNA health and welfare funds that consisted of setting up insurance companies and inducing the LIUNA locals to funnel business to them. The conspirators then looted the pool of assets generated by the high insurance premiums charged by the union. One witness at the defendants' trial, Daniel Milano, testified that union general president Fosco regularly accepted kickbacks and payoffs for his part in the racketeering scheme. Other testimony established that Fosco's son, Paul, was part of one Hauser-created insurance firm that contracted with LIUNA officials. After a lengthy trial, the jury acquitted Fosco and Accardo but convicted the other defendants, including: LCN leader Al Pilotto, president of LIUNA Local 5; John Giardiello, president of Fort Lauderdale LIUNA Local 767; Salvatore Tricario, business agent and welfare fund trustee of Local 767; Bernard Rubin, a Florida LIUNA official and fund trustee; and Seymour Gopman, a prominent labor lawyer.

In another case a federal grand jury indicted the second ranking member of the LIUNA international hierarchy, secretary-treasurer Arthur F. Coia, and charged him with racketeering violations against the unions' benefit funds. The government alleged that Coia received payoffs in return for steering union insurance business to selected companies. Coia's

friend and acquaintances include such persons as Joe Hauser, who specialized in looting Laborers' health and welfare funds, often with the cooperation of Laborers' officials. Coia and his son were involved with Hauser's schemes.<sup>40</sup> Hauser was overheard discussing the importance of Coia with the powerful LCN boss of New Orleans, Carlos Marcello.<sup>41</sup> The conversation implies that Coia is a trusted associate:

Hauser . . . . Carlos listen to me, I'm meeting with Arthur tomorrow. I don't know if you know about it.

Marcello: Who?

Hauser: Arthur Coia, and I'm meeting with him, listen to me carefully, he's going to give me some money tomorrow. These guys have been supporting me, theirs is blood, blood's thicker than water you know.

The case against Coia was dismissed because the indictment was filed after the statute of limitations had run on the allegations.

### The Waiting Case

Although LIUNA has not achieved the notoriety of the Teamsters' Union, it is nevertheless a union with clear ties to organized crime. This is particularly unfortunate because, perhaps more than any other group of workers, laborers need a strong and honest union. The Commission believes there is little chance that the LIUNA membership will be able to eliminate

organized crime's influence, or control their union, if the current leadership or governance structure remains intact. The Commission believes that federal law enforcement agencies should give high priority to investigations of LIUNA and its locals.

FOOTNOTES

<sup>1</sup>These La Cosa Nostra leaders were subjects of routine surveillance by a number of law enforcement agencies. The Commission has interviewed agents who observed and identified Fosco in such routine meetings during 1966 and 1967.

<sup>2</sup>Deposition of Thomas W. Needham, LIUNA Comptroller, before the President's Commission on Organized Crime, May 28, 1985.

<sup>3</sup>LM - 2 Reports of LIUNA.

<sup>4</sup>Deposition of John Serpico before the President's Commission on Organized Crime, April 16, 1985.

<sup>5</sup>Serpico has utilized his personal monies for outside investments. One investment he made was in a business known to Chicago law enforcement as a La Cosa Nostra front, Chicago Studio Rentals, Inc., through John Credidio, who Ken Eto informed the Commission is an associate of LCN member Joseph Ferriola. Serpico claims he lost \$75,000 in that business. Organized Crime and Labor-Management Racketeering: Hearings before the President's Commission on Organized Crime, April 24, 1985 at 497 (testimony of John Serpico) [hereinafter Labor-Management Racketeering Hearings].

<sup>6</sup>Deposition of John Serpico, supra.

<sup>7</sup>Labor-Management Racketeering Hearings, supra note 5 at 42 (testimony of Ken Eto.)

<sup>8</sup>Deposition of John Fecarotta, May 22-23, 1985.

<sup>9</sup>Deposition of John Serpico, supra note 4.

<sup>10</sup>Id.

<sup>11</sup>See Labor-Management Racketeering Hearings, supra note 5, at 12-44.

<sup>12</sup>Id.

<sup>13</sup>Id.

<sup>14</sup>Interview with Ken Eto; DeMonte's father was listed in charts of the Outfit prepared by the McClellan Commission.

<sup>15</sup>Labor-Management Racketeering Hearings, supra note 5, at 12-44.

<sup>16</sup>This Fund is unrelated to the Teamsters' Central States Pension Fund.

<sup>17</sup>Labor-Management Racketeering Hearings, supra note 5, at 456-462 (testimony of PCOC staff investigator John Walsh).

<sup>18</sup>Id.

<sup>19</sup>Id.; deposition of Charles Schiffman, April 12, 1985.

<sup>20</sup>Labor-Management Racketeering Hearings, supra note 5, at 456-462.

<sup>21</sup>Id.

<sup>22</sup>Cantazaro's incarceration has been affirmed by the Court of Appeals. In Re Sealed Case 776 F.2d 335 (D.C. Cir. 1985). As of publication of this report, Cantazaro remains incarcerated.

<sup>23</sup>Id.

<sup>24</sup>Labor-Management Racketeering Hearings, supra note 5, at 600.

<sup>25</sup>Deposition of Thomas N. Needham, supra note 2.

<sup>26</sup>See Testimony of Robert Connerton, Jan. 9, 1985 in United States v. George Osley, Jr., and Bernard Hawkins, Cr. 84-177 HDM (D. Las Vegas).

<sup>27</sup>United States v. Coia, \_\_\_\_\_ F.2d \_\_\_\_\_ (11th Cir. 198\_\_).

<sup>28</sup>Id.

<sup>29</sup>Deposition of Thomas N. Needham, supra note 2.

<sup>30</sup>See Appendix, Brooks and Gamm, A Union Democracy as a Deterrent to Corruption and Organized Crime.

<sup>31</sup>Labor-Management Racketeering Hearings, supra note 5, at 99-128 (testimony of Robert Powell).

<sup>32</sup>Id.

<sup>33</sup>Id. at 128-135 (testimony of Angelo Fosco).

<sup>34</sup>Id. at 99-128.

<sup>35</sup>See White v. Fosco, Cir. No. 81-1500 (D. C. 1981).

<sup>36</sup>General Counsel Connerton has brought a countersuit against Powell, who was not a plaintiff in the lawsuit, and is seeking over a \$1 million in damages for Powell's alleged part in a conspiracy to embarrass Connerton and take over the union.

37 Deposition of Thomas W. Needham, supra note 2.

38 Labor-Management Racketeering Hearings, supra note 5 at 99-128; deposition of Robert Powell before the President's Commission on organized crime.

39 See generally S. Rep. No. 427, 96th Cong. 1st Sess. (1979).

40 See Labor Union Insurance: Hearings Before the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs, 95th Cong., 2d Sess. 50 (1979).

41 FBI transcript of court authorized intercept at the Maison Dupuy Hotel, New Orleans, Louisiana, April 2, 1979.

## SECTION SEVEN:

### THE INDEPENDENT UNIONS

#### A Growing Problem

The great majority of the nation's 75,000 union locals are affiliated with the American Federation of Labor - Congress of Industrial Organizations (AFL-CIO) and overseen by an AFL-CIO international. Approximately 100 unions, with 1649 affiliated locals, known as independent unions, are not affiliated with the AFL-CIO.<sup>1</sup> Although most independent unions, like most labor organizations, are free of racketeering scandals, certain corrupt officials associated with relatively small independent unions engage in particularly egregious labor law violations, including fraud, embezzlement, and violence. Because independent unions are difficult to monitor and police, they pose special problems for law enforcement authorities.

Most tainted independent unions are active within the greater New York metropolitan area, the northeastern corridor of the United States and other areas where organized crime groups are concentrated. More and more, however, they are appearing in the southeastern United States and the "Sun Belt" states, where workers in low-skilled, highly fragmented, minimum-wage

industries are vulnerable to criminal exploitation by labor racketeers. .

Independent unions became notably stronger in the post-World War II years, when health and welfare benefits became standard provisions in labor-management contracts. Recognizing an opportunity for racketeering profits, corrupt independent union leaders accommodated employers with sweetheart contracts which excluded health and welfare benefits. These agreements victimized thousands of employees in the lower socio-economic classes, particularly immigrant groups in low-paying factory jobs.

Corrupt independent unions were virtually unnoticed until the McClellan Committee hearings of the late 1950's. Today the leaders of these unions have become more sophisticated in their racketeering activities and equally skilled at avoiding detection by law enforcement agencies. They are aided by dishonest businesses that enrich themselves at the expense of both legitimate employers and union members. The racketeers have carefully taken advantage of the scarce resources of investigatory agencies, lack of effective government monitoring programs, and the absence of a coordinated strategy to remove corruption once it is discovered.

Independent Unions and Their Relationship to Organized Crime

The history of corrupt independent unions' close and continuing ties to members and associates of organized crime indicates that the relationship between organized crime and the independent unions is deeply instilled. In the New York area corrupt independent unions have frequently been associated with La Cosa Nostra families, and union leadership has been passed on like a property right through generations of racketeers. If a racketeer dies, is imprisoned, or is barred from union office because of a labor racketeering conviction, trusted associates or family members soon take his place and carry on as before.

The International Industrial Production Employees Union (IPEU) illustrates how racketeers perpetuate control through generations in some independent unions. The IPEU is based in West Babylon, New York, and represents approximately 3,000 unskilled factory workers employed in businesses throughout the New York metropolitan area. The long time head of the union was Gerald Lasky, who had been involved with independent unions for over 30 years. Gerald Lasky served as president of the IPEU from the mid-1960s until 1982, when he was succeeded by his son, Clarke Lasky. At various times during his presidency, Lasky's son, daughter, brother-in-law, and daughter-in-law were employed by the IPEU or one of its benefit funds.<sup>2</sup>

In the 1950s Gerald Lasky served as an officer in Local 13-A of the United Auto Workers (not to be confused with the Detroit-based UAW, affiliated with the AFL-CIO). In 1959 Lasky

and his brothers, Daniel and Louis, were defendants in a civil suit charging them with extortion, fraud, and racketeering arising out of their activities as officers of Local 13-A. In 1962 Lasky, then president of Local 142 of the Aluminum Alloys Aircraft components Trade Council was indicted with three other individuals on conspiracy charges arising from the embezzlement of \$3,177 of Local 142's general funds. The government dropped the charges after a crucial government witness disappeared prior to trial. When Lasky stepped down as President of the IPEU in 1982, he became a health and medical service provider to the union's Insurance Fund. In March 1984 a federal grand jury in the Eastern District of New York returned a thirteen count racketeering indictment against Gerald Lasky,<sup>3</sup> and a separate sixteen count indictment against his son, Clarke.<sup>4</sup>

In the indictments Gerald Lasky was charged with embezzling approximately \$113,000 from the international and its locals. Lasky, who had alternatively served as the administrator and sole union trustee of the IPEU Insurance Fund from 1968 to 1982, was also charged with receiving approximately \$38,000 in kickbacks from service providers of the Insurance Fund, and extorting \$12,000 from a medical doctor who wanted to continue furnishing services to the Insurance Fund.

Clarke Lasky served as vice president of the IPEU International and Local 42, as an officer of Local 72, and as union president since 1982. Between 1979 and 1982 Clarke Lasky

was also the sole employee trustee to the IPEU Severance Trust Fund. In the March 1984 indictment, Clarke Lasky was charged with embezzling approximately \$68,000 from the Severance Trust Fund, burning boxes of subpoenaed union records, and soliciting perjury of witnesses before the grand jury. The embezzled sums were used to finance nearly \$20,000 worth of construction and over 1,000 worth of landscaping on Clarke Lasky's private home. Moreover, \$5,800 was used to install a central air conditioning system in the home of an employer trustee of the IPEU Insurance and Severance Trust Funds, and \$18,000 was used to provide a kickback to a contractor for the Severance Fund.

On November 9, 1984, Clarke Lasky plead guilty to RICO violations, embezzlement, and income tax evasion.<sup>5</sup> On November 26, 1984, Gerald Lasky plead guilty to RICO violations and acceptance of kickbacks.<sup>6</sup> In February 1985, both men were sentenced to imprisonment for a term of six years. In addition, Gerald Lasky was ordered to make restitution to the IPEU Insurance Fund in the amount of approximately \$25,000, to the IPEU International in the amount of \$7,500, to IPEU Local 72 in the amount of \$12,500, and to IPEU Local 42 in the amount of \$51,000. Clarke Lasky was ordered to make restitution to the IPEU Severance Trust Fund in the amount of \$62,208.

In addition to transferring control of independent unions as a family legacy, racketeers have also bought an independent union as if it were an ordinary commodity. Daniel Cunningham's

purchase of the Allied International Union of Security Guards and Special Police, as described later in this section, is one example. No law specifically prohibits the sale of a union or the sale of control of a union.

The fact that nearly anyone can start a union also helps organized crime to control small independent unions. No governmental approvals are necessary, and the standards and qualifications prescribed under LMRDA bar only individuals convicted of certain crimes from holding union office. Racketeers can create, divide, or merge independent unions at will. In geographic areas where organized crime is active, those who want to organize certain categories of workers, must sometimes first obtain permission to do so from the organized crime leader in that territory.

Even after organized crime-affiliated union officials are convicted of labor racketeering offenses and barred from further union activity, some may return to their corrupt practices, even in the same union. The activities of Francisco Roman, former president of Local 481 of the Production, Industrial, Technical, Miscellaneous and Amalgamated Workers, provide a good example. In 1978 Roman was convicted on three counts of Taft-Hartley Act violations, and was barred from union activity for five years.<sup>7</sup> Shortly after his sentencing the union changed its name to the International Shield of Labor Alliances (ISLA).

Between 1979 and 1981, while he was barred from union activity, Roman, with the assistance of his nephew, Ivan Roman, ISLA treasurer, and Ivan's mistress, Miriam Kuiland, ISLA secretary, drew 68 checks from ISLA funds totalling over \$29,000. Roman used the subterfuge of a false "back pay" claim to receive the weekly pay checks, and he used a newly-formed ISLA Federal Credit Union to explain his presence at ISLA offices. Meanwhile, Francisco Roman, Ivan Roman, and Kuiland systematically looted virtually all assets of the ISLA Credit Union, seized a rental property owned by the union's benefit funds, and diverted the ISLA benefit funds' money for their own use.

Following a two-year investigation of non-existent union employees and a check-by-check analysis of six years of activity in the ISLA, ISLA Pension Fund, and ISLA Welfare Fund by the Department of Labor, Office of Labor Racketeering, Francisco Roman, Ivan Roman and Miriam Kuiland were indicted for racketeering, conspiracy, and embezzlement of nearly \$100,000 from the ISLA, its two benefit funds, and the ISLA Credit Union. In June 1984 all pled guilty to violations of RICO and embezzlement, and Francisco Roman pled guilty to the additional charge of making false statements regarding his back pay income to the Eastern District of New York's Probation Office. Francisco Roman was sentenced to a ten-year term of imprisonment.<sup>8</sup> The Union has again changed its name and is now known as Solidarity of Labor Organizations (SOLO).<sup>9</sup>

### Labor Racketeering in the Independent Unions

Organized crime has used systematic methods to influence certain unions. Some organized crime-influenced independent unions are a source of profit to organized crime, the corrupt union leaders it controls, and the businesses that cooperate in labor racketeering schemes.

In organized crime-influenced independent unions, workers have few traditional rights essential to democratic governance. The union membership is given virtually no voice in designating union leadership, from shop stewards to union president. Sometimes they do not even participate in the choice of the bargaining agent itself.<sup>10</sup> Union leaders scrupulously avoid contact with the membership, to the extent that many workers are not aware who their "elected" representatives are or, indeed, if they are represented by a union at all.

Corrupt independent union leaders have assured the maintenance of their power by carefully crafting the constitutions and by-laws to vest all meaningful power in the union leadership.<sup>11</sup> For example, the authority to appoint union officers, to appoint trustees of benefit funds, and to fill interim leadership vacancies frequently lies solely with the corrupt independent union president, with no veto power or representative voice afforded to the rank-and-file membership.

Labor laws do not prescribe the provisions of union constitutions, charters, or by-laws. Nor are there any requirements that the government approve a union's constitution, charter, or by-laws. All that union officials have to do is file a copy of these documents with the Department of Labor.

The lack of union democracy, the near-dictatorial power of union leaders in the corrupt unions, and the government's limited ability to monitor the many small independent unions permit organized crime to abuse a union and its workers almost at will. Corrupt union officials place their friends and relatives in no-show jobs and freely use union funds for their own personal needs. The corrupt officials are also able to maintain exclusive and unsupervised control over worker's benefit funds and systematically defraud or embezzle these monies.

For example, the members of Amalgamated Local 355, an independent union in Queens, New York, representing more than 5,000 employees in the fuel oil delivery business and light manufacturing industries, lost millions of dollars in benefit fund monies in labor racketeering schemes. Local 355's Welfare and Pension Fund was looted of nearly \$2 million in the mid-1970s in a kickback and embezzlement scheme involving Bernard Tolkow, the union's secretary-treasurer, and Howard Garfinkle, a well-known real estate developer.

Local 355 has a long history of association with organized crime. Tolkow, the founder of Local 355 and dominant trustee of its Welfare and Pension Fund, had been associated with the late John "Johnny Dio" Dioguardi a member of the Lucchese organized crime family and a notorious labor racketeer. In the 1950s, the McClellan Committee characterized Local 355 as one of Johnny Dio's "paper locals." Tolkow was called before the Committee but refused to testify on Fifth Amendment grounds.<sup>12</sup>

The Garfinkle-Tolkow indictment arose from a series of loans totaling \$3 million from Local 355's Welfare and Pension Fund.<sup>13</sup> In return for the loans that Tolkow arranged, Garfinkle gave Tolkow a series of kickbacks, disguising them as investments in four of Garfinkle's real estate ventures to gain an appearance of legitimacy. While other investors lost substantial sums of money, Tolkow made a profit of more than \$150,000, and Garfinkle defaulted on most of his loan payments. Garfinkle eventually repaid only \$1 million of the \$3 million borrowed.

In December 1979 Garfinkle pled guilty to one count of providing kickbacks to Tolkow, and was sentenced to one year in prison. He also agreed to repay \$400,000 to Local 355's Welfare and Pension Fund. Tolkow pled guilty to making a false statement to the Department of Labor concerning his interests in Garfinkle real estate ventures and the authorization of loans. He was

sentenced to three years probation and barred from participation in union affairs for three years.<sup>14</sup>

Organized crime also uses independent unions to strike deals with corrupt employers who agree to make kickbacks in return for reduced labor costs and labor peace. Employers collude with corrupt union leaders in order to pay low wages and make minimal contributions to benefit funds. The employer views the payoffs to the union leaders as a business expense that is lower than the expense of wages and benefits derived through honest bargaining.

In corrupt independent unions, collective bargaining agreements frequently contain provisions that, when compared with agreements negotiated by AFL-CIO trade unions comprised of unskilled workers, are clearly substandard.<sup>15</sup> The wage scale for the independent union member is generally equal to or slightly above the minimum wage required by law. Employees routinely receive only minimal vacation benefits, little or no sick leave, and fewer paid holidays than most standard labor contracts.<sup>16</sup> These contracts often fail to provide guarantees of safe working conditions for workers, protections from discharge by the employer, or increased seniority rights, all of which are standard provisions in most AFL-CIO union negotiated agreements. In addition, the health, welfare, and pension benefits granted to workers through collective bargaining agreements negotiated by corrupt independent unions are

frequently inadequate, affording union members only minimal protection against illness, injury, or death.<sup>17</sup>

Finally, organized crime exercises a degree of influence over some industries most vulnerable to strikes or work slowdowns. By dominating unions whose influence extends beyond the trade or industry specifically organized, the racketeer increases his opportunities for extortion of legitimate businesses and employers. For example, Daniel Cunningham, former president of the Allied International Union of Security Guards and Special Police, told the Commission that he sought to organize certain employees in specific industries because of their extortion potential. As he explained:

Well, we organized what I consider to be the core of the workers in any particular industry. So, in fact, if I pulled out the security guards in the nuclear power plants, they would have to, in effect, shut the power plants down. Or if I did the same thing in a casino, if I pulled them off the casino floor, they would have to shut down a million dollar operation because of the security guards.<sup>18</sup>

Daniel Cunningham and the Allied International Union of Security Guards and Special Police

The history of Daniel Cunningham's ascension to the presidency of the Allied Independent Union of Security Guards and Special Police (Allied) provides a case study of the manner in which corrupt independent unions have become wholly-owned subsidiaries of organized crime. It also documents the

substantial economic benefits that an independent union racketeer can obtain by exploiting his position with the union.

In one of the most comprehensive and wide-ranging labor racketeering prosecutions brought by the Government,<sup>19</sup> Daniel Cunningham was convicted in 1983, after a seven-week jury trial, of thirteen counts of racketeering, bribery, obstruction of justice, and embezzlement.<sup>20</sup> He was found guilty on nine separate counts of embezzlement of union funds, including the granting of "no-show" union jobs to friends and family members, the disbursement of approximately \$38,000 in union and welfare fund checks to his wife, ex-wife, and girlfriend, and the use of union funds for personal use. Cunningham also served as president of the (Federation) of Special Police and Law Enforcement Officers Federation, another independent union, which organized security guards at nuclear power plants and casinos, and as the union trustee of the Allied Health and Welfare Fund. The government established that, during the years Cunningham was looting the unions, he used bank money orders to purchase municipal bonds worth more than \$147,000 and had cash on hand totaling \$190,000.

Allied was originally known as the Allied Crafts Security Union of North America. It was established during the 1960s by Benjamin "Bennie the Bug" Ross, the notorious labor racketeer, and Joseph "Joe Curly" Agone, a Genovese crime family member. After Ross received a substantial jail sentence, control of the

union was transferred in 1972 to Pat Sottile, who continued the relationship with Agone in exchange for his control over the Allied Union.<sup>21</sup>

In late 1974 Cunningham became interested in acquiring control of Allied. He then told an associate that "a substantial amount of money could be made in the labor business" and that he needed \$90,000 to purchase the membership.<sup>22</sup> Despite the fact that his experience was almost exclusively in real estate, Cunningham successfully negotiated to buy the union's membership. The deal was arranged among Cunningham, Pat Sottile, and organized crime member Joe Agone.<sup>23</sup> In return for a payment of \$90,000 Sottile appointed Cunningham to serve out Sottile's unexpired term as president, and Cunningham was recognized as the new owner by the Genovese organized crime family. Thus, he took control of the union and its approximately 650 employees without an election or approval by the rank and file.

Once in office, Cunningham ruled as a dictator, in violation of the by-laws and constitution of the Allied Union as well as established federal labor law. During his tenure no election of officers was ever held, although an "uncontested" nomination meeting was staged on Thanksgiving Day, 1980.<sup>24</sup> Cunningham also assumed control of the Allied Health and Welfare Fund as a union trustee, without being elected by union members or appointed by the union's executive board.<sup>25</sup> During this time Cunningham associated with organized crime members, entered

into personal business transactions with them, and controlled his union for their mutual benefit.

Cunningham dominated the affairs of the Federation in a similar manner. From the time of its formation in 1976 until Cunningham's conviction in 1982, the Federation never conducted an election of union officers.<sup>26</sup> Cunningham controlled the offices of the Federation by appointing organizers and officers of Allied and trustees of Allied's Executive Board, ensuring that all power stayed within a select group of people.<sup>27</sup> This arrangement also provided additional income to certain officers through dual salaries. Between 1975 and 1980 when the average security guard's pay rose from less than \$4,000 to about \$6,500 per year, Cunningham's salary as president of the Federation and Allied Unions soared from \$36,000 to \$104,000, not including \$30,000 of reimbursed expenses.<sup>28</sup>

Cunningham told the Commission how he used NLRB rules to achieve some of his organizing successes. If security guard employees were represented by another union, Cunningham would first approach the employees and promise them better benefits with his union.<sup>29</sup> Then he would sign them up, go to the NLRB, and obtain an order permitting him to bargain on their behalf. In many cases the rival union was unable to fight the order or obtain its own because it had not organized the security guards into a bargaining unit separate from other union members. Cunningham knew that NLRB rules required that security guards be

organized as a group separate from a union's general bargaining unit.

In the late 1970s Cunningham concentrated his organizing efforts in the Atlantic City, New Jersey, casino industry. There he formed Casino Police and Security Officers, Local, and met with competition from other organized crime families. Control of casino security personnel was vitally important to the potential extortion to be exercised by organized crime in Atlantic City, for, in Cunningham's words:

We knew that the security guards would play the most important role in the operation of the casinos and that without the security guards, the casinos couldn't open. And if we pulled a strike and pulled the security guards out of the casino floor, that the Casino Control Commission would in effect, force the casino to close or to resolve its labor problems.<sup>30</sup>

By 1981, however, Cunningham had also been indicted and was forced to discontinue organizing efforts in Atlantic City.

Evidence at Cunningham's trial revealed that Cunningham used nearly every conceivable means to manipulate the Federated and Allied Unions and the Allied Health and Welfare Fund for his personal advantage. Cunningham built up fraudulent business and travel expenses, hired "no-shows," forged union and employee benefit plan checks, embezzled checks disbursed to fictitious employees, received kickbacks from employers and consultants, and participated in a variety of frauds against insurance benefit

providers. From August through December 1978, Cunningham received 18 checks totaling more than \$4,000 from IBI Security Services, Inc., one of the companies organized by the Allied Union.<sup>31</sup> Cunningham was found guilty of disbursing more than \$8,000 in union funds to fictitious union employees, and of improper salary check disbursements of more than \$29,000 to his wife, approximately \$7,700 to his ex-wife, and approximately \$800 in Allied Union Fund checks to his girlfriend for nonunion purposes.<sup>32</sup> Subsequent disclosures by Cunningham indicated that he received kickbacks from vendors for inflated expenses<sup>33</sup> and from insurance providers for fraudulent certification of union members. He also received kickbacks from certain employers for entering into so-called "desk drawer contracts," thus creating a bar to effective organization or representation by rival unions.<sup>34</sup>

The United States Department of Labor's investigation of Cunningham's unions revealed that from 1975 to 1980, Cunningham embezzled \$105,230 from Allied, \$16,557 from the Federation, and \$39,150 from the Allied Health and Welfare Fund -- a total of \$160,937.

Once Cunningham became aware of his pending prosecution, he attempted to thwart the investigation through bribery and obstruction.<sup>35</sup> He offered two bribes totaling \$27,000 to two DOL agents, solicited perjury of witnesses, and attempted to commit arson at union headquarters after records had been

subpoenaed. For his role in numerous racketeering activities Cunningham was sentenced to five years in prison, fined \$80,000, and placed on five years probation at the completion of his sentence.

### Conclusion

The unsophisticated, unskilled members of corrupt independent unions are among the nation's most exploited workers. Their union leaders can deny them all forms of union democracy, can negotiate substandard, one-sided contracts with corrupt employers, and can loot the union's resources with impunity. Typically, these corrupt unions are influenced by organized crime members or persons they control. They thrive in part because the government has no effective monitoring system and because of the greed and persistence of independent union racketeers.

It is apparent that corrupt independent unions appear most frequently among unsophisticated, unskilled workers, in areas where organized crime is operating, and in industries offering significant potential for extortion or employer collusion. Whenever these factors are present, and a new union forms, changes its name, reorganizes into new locals or new territories, or experiences a change in leadership, the potential for corrupt operation of that union exists. This is especially true if the

union has filed a constitution and by-laws with provisions concentrating powers in union officials.

ENDNOTES

<sup>1</sup>One of the most well known independent unions, the International Brotherhood of Teamsters, Warehousemen and Chauffeurs, is treated elsewhere in this report. Other large labor organizations that fall within the Department of Labor's working definition of independent unions, but are not treated in this section of the report, include, for example, the United Mine Workers and the National Education Association.

<sup>2</sup>Organized Crime and Labor Racketeering: Hearings before the President's Commission on Organized Crime, April 25, 1985, at 332 (testimony of DOL Special Agent Jeffrey Schaffler) [hereinafter cited as Labor-Management Racketeering Hearings].

<sup>3</sup>United States v. Gerald Lasky, 84 CR 198 (E.D.N.Y. 1984).

<sup>4</sup>United States v. Clarke Lasky, 84 CR 197 (E.D.N.Y. 1984).

<sup>5</sup>Id.

<sup>6</sup>United States V. Gerald Lasky, supra, note 3.

<sup>7</sup>See United States v. Roman, 85 CR 181 (E.D.N.Y. 1985).

<sup>8</sup>Id.

<sup>9</sup>Labor-Management Racketeering Hearings, supra note 2, at 335-336.

<sup>10</sup>See, e.g., n. 24 and accompanying text.

<sup>11</sup>Id.

<sup>12</sup>Hearings before the Senate Select Committee on Improper Activities in the Labor and Management Field, 86th Cong., 1st Sess. (1959).

<sup>13</sup>United States v. Tolkow, 76 CR 475 (E.D.N.Y. 1976).

<sup>14</sup>Id.

<sup>15</sup>See Appendix for an example of a typical collective bargaining agreement between an independent union and employer. The agreement has had all references to named parties removed so as not to jeopardize a current criminal investigation.

<sup>16</sup>Id., Article IX.

<sup>17</sup>Id., Article XXIV, Wage Schedule.

<sup>18</sup>Labor-Management Racketeering Hearings, supra note 2, at 378 (testimony of Daniel Cunningham).

<sup>19</sup>Department of Labor Special Agent Jeff Schaffler characterized Cunningham as "labor violator of the year," so much so that the Cunningham case is used a training vehicle for new agents. Id. at 337 (testimony of Special Agent Schaffler).

<sup>20</sup>United States v. Daniel Cunningham, 81 Cr. 480 (E.D.N.Y. 1982).

<sup>21</sup>See Sentencing Memorandum of July 12, 1982 in U.S. v. Cunningham supra, note 20.

<sup>22</sup>See Transcript of testimony of Peter Gamaldi, p. 1846-53, in United States v. Cunningham, supra, note 20.

<sup>23</sup>See Labor-Management Racketeering Hearings, supra note 2, at 362 (testimony of Daniel Cunningham).

<sup>24</sup>See Sentencing Memorandum, *supra* note 21, p. 5. See also Transcript of Deposition of Daniel Cunningham at 15, 16, and 49, wherein Cunningham relates his version of the power of the presidency:

Q: Is there anything peculiar about the constitution or bylaws of this particular union that seemed attractive to you in deciding to purchase the union?

A: Well, the constitution and bylaws was designed to give the President of the Union total autonomy and total control and that any real decision-making ultimately fell to the President. Payment of expenses, authorization for payment of expenses became the sole responsibility of the President. So in effect the President really ran the entire show. He ran the entire Union.

Q: You mentioned earlier that you placed new members on the Executive Board of the Union. That was totally within your control too; is that correct?

A: Yes, it was.

Q: Isn't it a fact that the elections that you ran in your Local Unions were not necessarily in accordance with Department of Labor standards?

A: That's correct. We, although they were legal in most respects, they were done in such a fashion that they assured the results of the elections.

Q: Did you govern the names of officials who were running for particular Union offices?

A: Yes.

Q: Were these names or those nominations subject to any action at all by the Union members in any way?

A: No. We created the nominations. We, in effect, appointed the officers. And basic Union Membership was really not totally informed as to the nominations. So, in effect, the -- although the election was held within the standards, we made no effort to involve the Membership other than what we had to do but cursory type of information to them.

Q: So it's a fair statement to say that the Union's elections were not run in any democratic sort of way at all?

A: Yes.

Q: And they did not reflect the Union -- the voice of Union Membership --

A: That's correct.

<sup>25</sup>Cunningham consolidated his control over the unions by packing the Executive Board with family members and cronies, including his wife, his brother, and Herman Jaffe, Cunningham's convicted co-defendant and former Secretary-Treasurer of Allied. Sentencing Memorandum, supra note 21, at 5.

<sup>26</sup>Id.

<sup>27</sup>See Transcript of Deposition, supra note 24, at 38:

Q: "Did you appoint the officers of these Locals?"

A: Yes, I did.

Q: Casino Police and Power Plant Police, and were they essentially the same personnel that you had in your International?

A: Yes.

Q: As far as officers?

A: Yes, they were. In fact, the officers that, of these various locals were also organizers and officers of the International Unions, the Parent Unions as well as Trustees of the Executive Board.

Q: Isn't it a fact then all the power really stayed within a select group of people and these people were appointed by you?

A: That's right."

<sup>28</sup>Labor Management Reporting Disclosure Forms from 1975-1980, United States Department of Labor.

<sup>29</sup>"You can always go in and tell the people they are going to get more than they have." Labor-Management Racketeering Hearings, supra note 2, at 367 (testimony of Daniel Cunningham).

<sup>30</sup>Transcript of Deposition, supra note 21, at 40.

<sup>31</sup>Id. at 12.

<sup>32</sup>Id. at 1, 2.

<sup>33</sup>Transcript of Deposition, supra note 21, 25:

Q: "Can you describe how that works?"

A: Well, he would supply us with a copy machine that would, say, cost to us in reality \$1,500, and bill us \$3,000 for it. And then we would have an arrangement where a portion was paid back to us."

<sup>34</sup>Id., at 29:

Q: "In your role as Union President, again, going back to the organizing activities, did you ever participate in what is known as umbrella contracts or desk drawer contracts?"

A: Yes, Yes. I did.

Q: And what -- If you will describe that for me what is a desk drawer contract or an umbrella contract?

A: An umbrella or desk drawer contract is a contract that the employer of a particular company would call the Union and say that he would like to place his people under a union and he would like a favorable contract. And generally a contract would be drawn in most cases with the terms that the employer wants. And it would never be implemented. It would just sit in a file or drawer somewhere until such time as the employees would either look for a union to represent them or some union would come around and start organizing and at that time the employer would pull out this contract and say "I'm already represented by a union." And in effect, it would be a bar from the union coming in to organize them because the people are already represented. So in effect, an employer could pickup considerable amount of time without having to pay any union benefits and yet still be covered by a contract.

Q: How did this indirectly benefit you then as a Union officer?

A: Well, it was something that I didn't have to organize. In other words, I wouldn't have to deal directly with the members. I would be brought in from the back door from the employer. And I would ultimately gain the membership. And they would pay dues but I didn't have to go out and solicit them."

<sup>35</sup>Labor-Management Racketeering Hearings, supra note 2, at 338  
(testimony of Jeffrey Schaffler).

SECTION EIGHT:

ORGANIZED CRIME AND THE MEAT INDUSTRY: A STUDY IN COMPETITION

If there is one market in the United States which should be classified as unique, it is New York.

- Progressive Grocer's Marketing Handbook (1983)

New York's uniqueness as a marketplace is attributable not only to the myriad of goods and services it offers, but also to the presence of the largest contingent of La Cosa Nostra anywhere in the United States. The five LCN families, which are headquartered there (Gambino, Lucchese, Bonanno, Colombo, and Genovese), consist of more than 900 inducted members, representing about one-half of the total strength of La Cosa Nostra nationwide.

For many years both LCN families and certain mob-controlled companies have benefited from the services of a special cadre of persons known as "earners." These are persons, often with no criminal record, who regularly provide LCN family members with income derived partly or ostensibly from legitimate businesses. In many cases earners, because of their knowledge and experience in a particular industry, can enable a LCN member to obtain income from a line of business that the LCN member himself would be incapable of understanding, much less conducting. Conversely, the earner may be able to improve his competitive position in an industry by drawing on LCN's support. Over the course of time

this symbiotic relationship is capable of producing appreciable distortions in the supply and demand of a particular legitimate market.

One of the most graphic examples of such market distortions during the 1970's involved the domination of the Fulton Fish Market in New York City by associates of the LCN Genovese Family. One LCN Genovese associate, Carmine Romano, was secretary-treasurer of Seafood Workers Local 359, which represents the employees of the wholesalers in the Fulton Fish Market. Romano and others organized a so-called "watchman's service" that charged wholesalers hundreds of thousands of dollars to reduce thefts of fish at the market by exerting influence over the thieves. They also extracted money from fish merchants through cash "Christmas payments," and through rental of union signs, which violated the union's constitution. To ensure the continuance of this domination, Romano and others used various means to instill fear. Ultimately, after Romano's conviction for racketeering activities and misuse of pension funds, the sentencing judge specifically found that "the Fulton Fish Market is permeated by fear generated by organized crime, and . . . the proceeds of illegal activities are going to the coffers of organized crime . . . ."1

The Fulton Fish Market case, however, is by no means a unique occurrence in the meat<sup>2</sup> and seafood industry. To the contrary, over the years, LCN associates, members, and even

family bosses have acquired substantial degrees of influence over several sectors of the meat and seafood industry in New York -- sometimes with the willing complicity of otherwise legitimate businessmen.

Law enforcement agencies have long recognized that organized crime has perennially exerted influence in the New York meat industry through control of unions.<sup>3</sup> The acquisition or direct control of companies in that industry could become an increasingly favored tactic of the LCN in the near future. Control of product distribution in an industry is entirely consistent with, and may even complement, control of the labor supply. It may become a common means for organized crime to extract monopoly profits.

#### Some Features of the Meat Industry

##### Organization of Beef and Chicken Production

The meat industry today is a vital component of the American economy. In 1981 American consumers spent nearly \$85 billion for beef and pork products, of which approximately \$53 billion was spent on beef.<sup>4</sup> According to the Greater New York Association of Meat and Poultry Dealers, consumers in the five New York City boroughs annually spend one out of every ten dollars for beef products spent in the United States.<sup>5</sup> There is no reason to

think that domestic consumption patterns for the \$12 billion year poultry industry is substantially different from that for beef products.<sup>6</sup>

To understand why certain components of the meat industry in New York may be vulnerable to exploitation by organized crime, it is necessary to examine the basic organization of production and distribution of beef and chicken. Since the early 19th century, when the raising and butchering of livestock was a relatively localized affair,<sup>7</sup> beef and chicken production have become far more complex and concentrated to serve millions of retail customers throughout the country.<sup>8</sup>

Beef Production. The first phase of the beef industry, production, has remained relatively static in its methods: ranchers throughout the country raise beef cattle from birth to maturity. When they reach maturity, the cattle are shipped to beef packing plants for slaughter, processing, packaging, and shipment to retailers and meat merchant wholesaler/distributors. The packing phase, however, is the point at which several changes, introduced within the last 25 years, have dramatically altered the operations of the meat industry at the wholesale and retail levels.

The first change was the building of slaughtering plants in close proximity to cattle producers, rather than near the giant

stockyards of Chicago and Kansas City. This innovation made it possible to enhance assembly-line procedures that did not require the services of skilled and highly-paid butchers.

The second, and more radical, innovation was the development of a packing plant that permitted greater vertical integration. The traditional packing plant -- which generally shipped carcasses of slaughtered cattle, in halves or quarters, to wholesalers and retailers for further reduction to primal or subprimal cuts. In contrast meat packers designed and built plants that could break down carcasses directly into primal cuts, wrap and box them, and ship them more economically to the first receivers.

A third change is the increasing demand for, and production of, boxed beef. From 1979 to 1982 boxed beef increased from 43 to 58 percent of all products leaving packing plants.<sup>9</sup> This increase in the production of boxed beef has increased the amount that can be moved directly from packers to retailers, thereby making it possible for more retailers to buy directly from packers.<sup>10</sup> The increase has also affected the functions that wholesalers are required to perform, reducing their need to cut as well as warehouse, sell, and deliver the product. Finally, the increase has contributed to a substantial decline in the number of wholesaler/distributors since the 1960s, although local wholesaler/distributors will presumably continue to service such

organizations as small retail outlets, restaurants, and hotels.<sup>11</sup>

Poultry Production. Like the beef industry, the poultry industry has moved steadily toward greater vertical integration and (at some phases of production) greater concentration. The larger poultry producers, such as Perdue Farms, Inc. and Holly Farms, handle all aspects of production, including egg-laying, growing of chicks, transportation of grown chickens to processing plants, processing, and packaging. In addition, these larger producers have moved even more swiftly than their counterparts in the beef industry to devoting a substantial share of their efforts to pre-packaged chicken (i.e., chicken parts that need not be further cut up, and therefore are suitable for use by ultimate consumers). Finally, in contrast to the beef industry, poultry industry leaders since the late 1960's and early 1970's have adopted and implemented effective marketing and advertising strategies that have enabled them to transform chicken from a fungible commodity into brand items with which consumers can strongly identify.

Distribution patterns after packing may vary from producer to producer. Holly Farms, for example, markets its pre-packaged chicken almost exclusively by selling directly to large retail chains in New York. It deals with only one or two wholesaler/distributors in New York as a way to supply smaller retail chains

which lack their own distribution capability. In contrast, Perdue Farms, which seeks to market its chicken as a premium product, targets retail butchershops and other small retail outlets as its principal sales outlets. Since these smaller retailers must obtain their meat products through distributors, Perdue Farms must sell to many distributors to market its products effectively.

### Regulatory Constraints

In certain respects the meat industry in New York is a regulated industry. Any company that wishes to label its meats with U.S. Department of Agriculture designations, such as "U.S.D.A. Prime", must have those meats examined by Agriculture Department meat inspectors. In addition, the City of New York has used inspectors in the Office of the Commissioner of Markets to examine meats sold within the city limits.

The need for regular and stringent inspection of meats offered for human consumption is obvious. Even though it seems unconscionable that any meat merchant would offer meat of substandard quality to consumers, some unscrupulous purveyors have enhanced their profit margins by disguising tainted or decaying meat in various ways. Outdated boxed beef, for example, can be sold simply by removing it from the plastic bags in which the packer ships it, "bleaching" it (i.e., draining the beef juices from the beef to remove the stench of decay), and soaking

it overnight in a white powder preservative (known in the trade as "dynamite", a product outlawed in New York City) which creates a wholesome reddish appearance in the meat to make it appear more palatable.

### Organized Crime and the New York Meat Industry

Since the 1930's some of the more significant members of organized crime families in New York have actively participated in the LCN's exercise of influence or control in the meat industry:<sup>12</sup> Little Augie Pisano, John "Johnny Dio" Dioguardi, and Lorenzo "Chappy the Dude" Brescia, to name but a few.<sup>13</sup>

One means by which New York LCN members traditionally acquired such influence or control was to create, or acquire control of, a local of the Amalgamated Meat Cutters and Butcher Workmen of North America (now part of the United Food and Commercial Worker International Union, UFCW). Sometimes they directed the installation of union officials, who would be responsive to their demands.<sup>14</sup>

More recently some associates of New York LCN families have also sought to profit from the meat industry by acquiring more direct control of meat distribution companies. For example, Charles Anselmo, an associate of the LCN Bonanno family, advanced his career in the meat industry by serving as a loanshark to meat dealers in New York. At least one dealer was forced to turn over control of his business to Anselmo, who eventually operated a

meat brokerage concern, Triangle Meats, in the 1960s.<sup>15</sup> Among other business techniques, Anselmo arranged shipments of tainted meat that had been treated with formaldehyde to remove the stench and discoloration, and that had been boxed and sealed with counterfeit Agriculture Department stamps. When one of Anselmo's customers, who knowingly sold to the public tainted meat provided by Anselmo, sought to determine whether some of a recent Anselmo delivery consisted of horsemeat, Anselmo cryptically replied, "Well, some of it moos, and some of it don't moo."<sup>16</sup> Even after serving a four-month Federal prison term for his efforts to transport tainted meat, Anselmo reentered the meat business via a new meat brokerage, Kaylo Trading Company, that continued operations well into the 1970's.<sup>17</sup>

To deal with the potential threat posed by Federal and local regulatory agencies, organized crime figures, like others in the meat industry, have in the past frequently resorted to bribery of meat inspectors. Bribery may dissuade an inspector from inspecting the premises of a mob-controlled business too closely, if at all; to encourage an inspector to place a higher grade than appropriate on beef or poultry products; or even to facilitate the uninterrupted transportation, chemical treatment, and sale of diseased or decayed meat.

Some LCN families in New York -- notably the Bonanno and Lucchese families -- have been the subject of intense scrutiny by law enforcement agencies and the press for illegal activities in

the meat industry. Another New York LCN family has largely escaped public attention as it has gained substantial influence in the beef and poultry industries. To provide government agencies and the public with a case study that more thoroughly describes the means by which organized crime can intrude upon the operations of the free market, the Commission has examined certain activities of the Gambino family of La Cosa Nostra, and of its former boss, Paul Castellano, Sr., in the meat industry.

#### A Case Study: The Gambino Family and the Meat Industry

Any analysis of the Gambino family's involvement in the meat business must begin with the former family boss, Paul Castellano, Sr. In addition to a wide range of illegal activities in which he has engaged over the years,<sup>18</sup> Castellano reportedly owned a butcher shop in Brooklyn while he was a young man, and later operated a series of small independent retail butcher shops.<sup>19</sup> Although Castellano himself is not known to have had any legal interest in any meat businesses, his past indirect influence, and that of the Gambino family, in the New York meat industry have become formidable.

#### Dial Poultry

One of the means by which Castellano himself had indirectly affected competition in the meat industry is Dial Meat Purveyors, Inc. (located in Brooklyn, New York), which does business under the name of Dial Poultry. Dial Poultry, which was incorporated in 1970, is owned by Paul Castellano, Sr.'s two sons, Paul Jr., and Joseph. As a distributor of meat and poultry to supermarkets, butchers, and grocers, Dial Poultry has handled not only its own trade-name chicken, but such leading brand names as Paramount and Perdue.

Dial Poultry's dealings with the chairman of Perdue Farms, Frank Perdue, are particularly instructive as an example of the manner in which legitimate businessmen may decide that doing business with organized crime-connected companies may provide them with a competitive advantage in legal markets. When Perdue began marketing his brand-name chicken in the late 1960's, he settled on New York, rather than other cities in the Northeast, because -- as he stated in a deposition taken by the Commission staff on September 17, 1985 -- "New York would pay more money for a quality product than anyone else." At that time, his initial priority was to market through distributors who dealt with retail butchers rather than the supermarket chains. His marketing approach in New York included personal contact with butcher shops and extensive advertising.

Consumer response to Perdue's advertising campaign in New York did not go unnoticed by Dial Poultry. Perdue resisted overtures from one or more Dial Poultry representatives to sell

chicken to Dial, by claiming that he did not have enough product to sell to them. In his deposition Perdue indicated that his initial reluctance to deal with Dial stemmed from the company's well-known LCN connections:

It was fairly common knowledge that Dial was owned by or run by or operated by Paul Castellano, Jr., and that he was associated in some way--I didn't know exactly how--with the Mafia, so therefore I avoided selling to him. I just felt, look, there is no need getting involved with people like that where I may have a problem. So I avoided him for several years.

Sometime thereafter, as his company's production increased, Perdue sought to obtain a share of the New York supermarket chain business by, among other things, speaking to a number of supermarket owners. One of the supermarket owners with whom Perdue had contact at the time was Pasquale Conte, who has served on the board of directors of, and has owned a number of supermarkets in, the Key Food Cooperative in New York. Conte is also a capo in the LCN Gambino family. Perdue, however, had no success in placing his chicken with Conte's supermarkets, and there is no evidence in the Commission's possession that Perdue knew at that time of any relationship between Pasquale Conte and the LCN.

Subsequently, Paul Castellano, Sr., accompanied by his son Joseph, spoke to Perdue at a food industry conference at the Concord Hotel in the Catskill Mountains of New York. As Perdue later related the conversation, Paul Castellano indicated to

Perdue that "we would like to buy your product." Perdue again demurred, on the ground that his company did not "have enough product to go around." At that time, Perdue testified, he "knew that it was rumored that he [Paul Castellano, Sr.], like his son, were [sic] associated with the Mafia, and perhaps he more strongly than his son." Nonetheless, Perdue dismissed that rumor as "pure conjecture" on his part, and was confident that he could do business in New York without doing business with Dial Poultry or anyone associated with Dial.

Eventually, however, Perdue decided, as his business continued to grow, that he should do business with Dial Poultry. In his deposition Perdue stated that the principal reason for selling to Dial was the substantial number of retail butchers that Dial served; as he put it, "If you're selling a premium product, which we were trying to do, butcher shops can pay more because they charge more." In addition, Perdue heard that others in the chicken industry whom he considered "reliable" were selling to Dial Poultry and that those people believed that Dial had "an excellent reputation." Ultimately, according to Perdue,

as I got more product and produced more product, then I started saying to myself, why shouldn't I have some of that business that other people have. Because there were other people selling Dial. They're selling it. Why shouldn't I sell them? I was never forced to sell them.

Once Perdue began dealing with Dial Poultry, he apparently had no difficulty in his business relationship with Dial. Several years later, however, Perdue had occasion to seek assistance from Paul Castellano, Sr., on a matter wholly unrelated to Dial Poultry. During 1980 the United Food and Commercial Workers Union attempted to organize the workers at Perdue's Accomac, Virginia, facilities for a second time. A representation election that had been scheduled for October 2, 1980, was cancelled when, according to union officials, Perdue did not rehire workers who had honored a picket line that had been set up by Teamsters in an attempt to organize truck drivers at the plant. Instead, the UFCW called for a boycott of Perdue products, which began officially on December 8, 1980. During this same time Perdue was planning to open a chicken restaurant in Queens, New York. As part of the boycott Irving Stern, an international vice president of the UFCW, spoke to executives of major retail chains in the New York area and asked them not to sell Perdue products. Thereafter, according to Perdue, most of the chains reduced their features (i.e., special sales) of Perdue products.

Faced with these increasing problems, Perdue decided to approach Paul Castellano, Sr., for assistance and, through Paul Castellano, Jr., arranged a meeting with him to discuss the organizing effort at the Accomac plant. At his deposition, Perdue was asked about the meeting:

- Q: Why did you go to Paul Castellano, Senior?  
 A: I don't know. I just thought -- you know, they have long tentacles, shall we say, and I figured he may be able to help.  
 Q: When you say they have long tentacles, as an organized crime figure?  
 A: Yeah. Mafia and the mob.  
 Q: Before meeting Paul Castellano, Senior, had anybody told you what his position was within the Mafia?  
 A: Oh, there were rumors that he had succeeded to the position that Carlo Gambino had, and that it was taken by someone else. And I knew there was a relationship somehow with the Gambino family. I didn't know exactly what.

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- Q: What did you think Castellano was going to be able to do for the Perdue Company?  
 A: Oh, I don't know. I didn't know if he could help us or not. I was concerned about my plant and being able to operate.  
 Q: What were the things that you thought Castellano might be able to do?  
 A: I didn't have any idea, not a notion if he could help at all with this union effort.  
 Q: How did you think that he might have been able to help?  
 A: I had no idea, none.

Castellano's response to Perdue's request was, as Perdue later paraphrased it, "I doubt it because it's pretty far away." Subsequently, Perdue stated, Castellano "obviously didn't help me" in that regard.

Perdue also met with Paul Castellano, Sr. on another occasion for assistance with a different but related union problem. The UFCW planned to picket the opening in February 1981 of Perdue's restaurant in Queens, in support of the Accomac plant organization effort. In a meeting at a LaGuardia Airport hotel, attended also by capo Thomas Billatti of the Gambino crime family, Perdue asked Castellano whether he could help in any way

with the matter. Castellano indicated that he did not know whether he could help. According to Perdue, Castellano "didn't help": on the restaurant's opening night approximately 50 pickets appeared in front of the restaurant, and the restaurant was picketed for two weeks thereafter. Ultimately in July 1981, the UFCW lost the election at Perdue's Virginia plant.

Two years later, in a private conversation with his maid, Gloria, Paul Castellano, Sr. referred to these contacts with Perdue, to which a 1983 article in New York Magazine had drawn public attention:

I can't help him. I say, Mr. Perdue, I can't help you. I know you're a new man. I'm in the meat business. . . . I say that we do a good business. That's enough. Why would Frank Perdue want to talk to this quiet, graying, Staten Island man? Why, why. . . . Perdue told the FBI man, I'm the Godfather. I don't believe that. I, I can't do what he want. I can't help him.<sup>20</sup>

In that conversation Castellano also recognized Dial Poultry's vulnerability to market forces if the public were to associate it with organized crime:

Dial, distributes poultry from, through refrigerator warehouses in Sunset Park to more than 300 butchers, grocery stores and supermarkets. See this here Gloria, this is a very, very bad thing because I'm afraid. . . . now all of a sudden maybe no one will sell us no more chicken, right? Ruin our business.

Quarex Industries, Inc.

A second meat business with close ties to the Gambino family is Quarex Industries, Inc. Organized under the name Ranchers Packing Corporation in 1963, Quarex operates a wholesale meat and poultry business in the New York metropolitan area. In addition, its wholly-owned subsidiaries, Ranbar Packing, Inc. ("Ranbar"), East Central Meats, Inc., and Western Beef Inc. operate high-volume, competitively priced retail food stores in the New York metropolitan area.<sup>21</sup>

In a little more than two decades, Quarex has become a significant force in the meat business. During 1984 for example, Quarex reported net sales of \$78,561,152 in its wholesale meat business, and \$30,803,433 in its retail grocery business -- a total of \$109,364,585.<sup>22</sup> Moreover, a statement earlier this year by Quarex's Chairman of the Board, Jules Verner, indicated that Quarex is continuing to achieve growth in both the wholesale and retail segments of its food distribution business at rates superior to industry patterns.

Although Quarex's common stock has been traded in the over-the-counter market and included in NASDAQ since 1983,<sup>23</sup> five siblings have a controlling interest in that stock: Frank Castellana, the President of Quarex; Joseph Castellana, Vice President of Quarex; Peter Castellana, Jr., Manager of Operations of Ranbar; Michael Castellana; and Camille DeLuca.<sup>24</sup> The father of these five siblings, however, is even more deserving of close attention. Peter Castellana, Sr., is not only

Sales Manager of Quarex, but a cousin of Paul Castellano, Sr. and a member of the LCN Gambino family.

Among his other past activities, Castellana was convicted in the early 1950's of selling adulterated meat and in 1961 of Federal bankruptcy fraud and imprisoned for his role in forcing into bankruptcy a meat supply company, Murray Packing Company, that had conducted a number of sales to a company controlled by the Castellanos, Pride Wholesale Meat and Poultry Corporation. During that period, Castellana had also been involved in three similar bankruptcies that did not result in his criminal prosecutions.<sup>25</sup>

After Castellana and two other men formed Ranbar in 1973, Castellana's dealings in the meat industry again attracted the attention of law enforcement authorities. In 1977 the SEC filed a complaint against Ranchers Packing Corporation (Quarex's predecessor in name), Castellana, and his co-founders of Ranbar, charging them with making false and misleading statements and failing to disclose certain facts in connection with the operations of Ranchers and Ranbar, which Ranchers had acquired in 1976 and which had petitioned for bankruptcy the following year. The subjects of the complaint included Castellana's "integral managerial position" with Ranchers and Ranbar; serious deterioration in Ranbar's financial condition in 1975-76; Ranchers' inclusion in a 1975 inventory of meat patties (valued at approximately \$90,000) that the U.S. Army rejected and that

subsequently proved unmarketable and were destroyed.<sup>26</sup>

Ranchers and Castellana consented to a permanent injunction that did not require the defendants to admit or deny the complaint's allegations.

At least one major poultry producer who does business with Quarex has indicated to the Commission that Peter Castellana, Sr. is the guiding force in Quarex. In his deposition, Frank Perdue stated that "Joe [Castellana, Quarex Vice President] is supposedly running the company, according to Pete [Castellano, Sr.]." When asked whether he knew Peter Castellana, Sr.'s title at Quarex, Perdue replied, "I don't know his title. As far as I'm concerned, I can guarantee you one thing, I don't care who has titles. Petie [Castellana, Sr.] runs it."

Perdue also acknowledged that he began doing business voluntarily with Quarex approximately two or three years ago, after choosing not to do so for a number of years. Although Castellana, Sr. had been seeking to buy chicken from Perdue, Perdue testified that Peter Castellana, Sr. "is about as bad as there is":

He was considered in the industry not to be as honest, shall we say, as Paul [Castellano, Sr.]. He had a reputation of going bankrupt two or three times. And the only way we would sell him, we had to have the money up front.

When we found out he would give us the money up front, we decided we would sell him. After all, that was another, you know, two or three or four loads [of chicken] a week.

Perdue later explained the precautions he took before doing business with Quarex:

I decided that if I could be protected, that I would get my share of his business. But he had to give us a letter of credit, like he has to give all the other shippers who ship him so the shipper is protected. And then if he doesn't give me a problem, harassment, you know, canceling or things like that . . . I have no problem dealing with him. I know what he is. But I have my money, he unloads my trucks on time. We have no problems. He pays his bills.

There is no evidence in the Commission's possession that Perdue knew, or yet knows, of any relationship between Castellana and the LCN. Moreover, Perdue is hardly unique in his willingness to do business with a company in a legitimate industry, even when a person controlling that company has a reputation in that industry for significant criminal activity. The sheer volume and extent of Quarex's operations make clear that many legitimate businessmen, including Perdue, have found it to be reliable in its conduct of business transactions with them.

#### Waldbaum's Supermarkets

Quarex and Dial stand between some meat producers and some supermarket retailers in the New York City area. One New York supermarket chain, Waldbaum's, a publicly held company with about \$1 billion in annual sales, utilizes Dial, but not Quarex, as a supplier. Until recently, both Dial and Fancy Foods Inc.

(hereafter "Fancy Foods"), another company with a relationship to the Gambino family, supplied Perdue chickens to Waldbaum's supermarkets.

Fancy Foods shares business space with Quarex and was furnished with start-up capital by Peter Castellana, a personal friend of Jack Cunningham, one of Fancy Foods' owners. Also, Carlo Gambino was the godfather to Cunningham's mother. The separate corporate identities of Dial, and Fancy Foods are blurred further by long standing billing practices. Until April 1984, Dial billed Waldbaum's for deliveries actually made by Fancy Foods. The practice ended for reasons which Cunningham declined to explain to Commission investigators.

Within the past six months, Frank Perdue claims to have become dissatisfied with the service provided by Fancy Foods. In conversations with both Paul Castellano, Jr. of Dial and Ira Waldbaum, chairman of Waldbaum's, Perdue offered the Waldbaum's distribution business held by Fancy Foods (80% of the total) to Dial, who accepted but was turned down by Waldbaum's. Not only was Perdue's offer rejected, but Waldbaum's has discontinued retailing Perdue chickens, totalling approximately five hundred trailer loads or 15 million pounds annually. Dial and Fancy Food continue to supply chicken to Waldbaum's bearing the trade name Cookin' Good produced by Showell Farms, Inc., in addition Fancy Foods supplies Waldbaums its own brand, Gold 'n Fancy, which bears a close resemblance to the Perdue label.

Before Dial and Fancy Foods had acquired exclusive rights to the distribution of chicken to Waldbaum's, Paul Castellano expressed his view of the market position held by Dial, in the process mimicking real or imagined responses of businessmen to the presence of the Gambino crime family in the meat industry:

They own most all of Waldbaum . . . They run all Waldbaum's stores, right? So now, they pay me. You know why? Because of my influence. When I sit down, I talk to the man. (mimicking) "Oh, oh, Paul, how ya feel? How's everything?" OK. And I say to them, "Look. Now I want you to be nice to my boys." I say: "I want my boys to be nice to you. When they don't do that, you come see me. I straighten it out. Cause, listen, while I'm alive this is my business. OK?" "Paul, don't worry. Will you do that? We have a lot of respect for you when we need help, we'll come to you."<sup>27</sup>

Recognizing the risk involved, a major competitor of Perdue and Showell Farms has adopted a policy not to do business with individuals or businesses which have any ties, whether direct or indirect, to organized crime. Holly Farms Poultry Industries, Inc., a publicly held company, recently declined the opportunity to market its Holly Farms poultry through such a distributor.

Ira Waldbaum was asked by Commission investigators whether society can expect businessmen not to do business with mob related firms. He responded by pointing out that there is "a big difference between starting up with a firm like Quarex, and replacing a firm like Dial that you are already doing business

with." Waldbaum summed up his position as the chairman of a major New York food retailing firm this way:

I will take the same action in replacing Dial Poultry as I would take in replacing my private sanitation service . . . It's up to law enforcement to take action . . . Don't forget I have a wife and children!<sup>28</sup>

#### BUSINESS ETHIC NEEDED

More than fifty years ago, a New York Times editorial stated that "[i]f there is any downward scale of ignominy in the [racketeering] profession, the man who preys on the city's food supply must stand near the very bottom of it." Subsequent events suggest that organized crime has become no less ignominious, and perhaps more inventive, in its efforts to profit from legitimate commerce in the meat industry. While domination or control of key locals in the meat industry has been a favored tactic of the LCN for several decades, a number of LCN members and their superiors have recognized in recent years that direct ownership or influence of meat wholesaler/distributors can be as effective as influence of union locals for obtaining market power in the industry.

Meat companies controlled by organized crime members, or by the earners who collaborate with them, can have several distinct advantages over lawfully operated business. First, the mob-controlled company may be able to cross-subsidize its

activities with funds from other illegal activities conducted by crime family members, and to use cash for purchases when legitimate competitors must rely on credit. Second, the mob-controlled company can possibly bypass skilled union workers in favor of lower-paid and less skilled nonunion employees. Third, some organized crime figures have had a far less regard than law-abiding citizens for the health and safety of the general public, thereby enabling them to reduce costs by dealing in stolen, tainted, or otherwise undesirable meat. Fourth, organized crime members have repeatedly demonstrated their willingness to use threats or violence to advance their business interests. Finally, some organized crime family associates or members may exploit strategic positions in the meat distribution system to deny uncooperative meat producers access to retail markets.

Legitimate retailers, who lack the resources to bypass these mob-controlled companies and deal directly with legitimate producers, have no choice but to do business with the mob if they wish to remain in the industry. Larger, more integrated producers, who knowingly seek out these companies solely to ensure expansion of their geographic market and to enhance their profits, have no comparable justification for their actions.

ENDNOTES

<sup>1</sup>United States v. Romano, 684 F.2d 1057, 1063 (2d Cir.), cert. denied, 459 U.S. 1016 (1982).

<sup>2</sup>Unless otherwise indicated in this chapter, the term "meat" should be understood to include beef, pork, and poultry of all types.

<sup>3</sup>See pp. 8 - 10 infra.

<sup>4</sup>Lawrence A. Duever, Economic Research Service, U.S. Department of Agriculture, Changing Trends in the Red Meat Distribution System at 1 (1984) [hereinafter "Duever Report"].

<sup>5</sup>New York Times, September 5, 1984, SC, at p. 6, col. 5.

<sup>6</sup>Blyskal, "Sleepless Nights in Iowa," Forbes, October 25, 1982, at 172.

<sup>7</sup>Duever Report at 2.

<sup>8</sup>id.

<sup>9</sup>Lawrence A. Duever, Economic Research Service, U.S. Department of Agriculture, Costs of Retail Beefhandling Systems at 1 (1985).

<sup>10</sup>Duever Report at 2.

<sup>11</sup>id. at 2, 7.

<sup>12</sup>In fact, one knowledgeable person interviewed by the Commission staff indicated that mobster involvement in the New York meat business might even be traced back to Jack "Legs" Diamond, the notorious gunman and hijacker who was a protege and bodyguard of Arnold Rothstein in the 1920s.

<sup>13</sup>J. Kwitny, Vicious Circles 4, 82 (1979).

<sup>14</sup>id. 79-85.

<sup>15</sup>id., 13.

<sup>16</sup>id., 18.

<sup>17</sup>id., 42-43, 396.

<sup>18</sup>Castellano was convicted of robbery and violence and sentenced to one year's imprisonment in 1934, and has been arrested for assault and robbery, conspiracy to commit perjury (in connection with his attendance at the 1957 Apalachin conference of LCN leaders), and loansharking. Castellano is now on trial in Federal court in New York, as the head of the Gambino family, for participating in various racketeering activities (including murder, extortion, theft from interstate shipment, and possession of stolen property). In addition, Castellano and the heads of the other four LCN families in New York are under indictment for skimming two percent of the cost of all poured concrete jobs in New York City that exceeded \$2 million.

<sup>19</sup>One of Castellano's employees during the latter period was Enzo Napoli. Napoli once boasted to an undercover detective of the New York Police Department during the 1970's that he could furnish numerous valuables and commodities for sale, including 25,000 pounds of scallops per week, at 15 cents per pound less than the market price.

<sup>20</sup>Court authorized electronic surveillance, July 18, 1983.

<sup>21</sup>Quarex Industries, Inc., Form 10-K Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 28, 1984, at I-1 (1985), [hereinafter "Quarex Form 10-K"].

<sup>22</sup>Id.

<sup>23</sup>Id., II-I.

<sup>24</sup>Quarex Industries, Inc., Proxy Statement 4 (1985). These four brothers and one sister are listed as the beneficial owners of a total of 65.3 percent of Quarex's common stock as of April 1, 1985.

<sup>25</sup>J. Kwitny, supra note 13, at 257-58 (1979).

<sup>26</sup>Complaint, SEC v. Ranchers Packing Corp., No. 77 C 2521 (E.D.N.Y. 1977). In addition, Ranbar itself was indicted by a Federal grand jury in Brooklyn in 1977 on charges of defrauding the government with counterfeit or stolen food stamps. J. Kwitny, supra note 13, at 391. In 1978, Ranbar received a \$520,000 fine in that case.

<sup>27</sup>Court authorized electronic surveillance, May 5, 1983.

<sup>28</sup>On May 6, 1985, Arthur Salin, the former owner of H & H Poultry, a Waldbaum's supplier until mid-1984, was found murdered in the Bronx, New York after having been shot in the head. The murder remains unsolved.

SECTION NINE:

ORGANIZED CRIME AND THE NEW YORK CONSTRUCTION  
INDUSTRY - A STUDY IN COLLUSION

In my world there was a distinction between what constitutes extortion and what does not. One must remember that in the economic sphere one of the objectives of a Family was to set up monopolies as far as it was possible. For instance, if a Family member owns a bakery all the other members tend to give him their patronage and support. If two Family members are bakers, they are not allowed to own bakeries on the same block, for that would be bad for both their businesses. They would be competing against each other. Therefore, one baker will be allowed to flourish in one territory and the other baker in his own territory.

If an outsider, a non-Family member, locates his bakery near a Family member's bakery, then the Family baker is within his rights to try to drive the competing baker out of business or to try to arrive at some accommodation with him. What is seen as extortion from the outsider is viewed as self-protection by the insider.

-- Joseph Bonanno<sup>1</sup>

Introduction

If one is to judge by superficial appearances, the construction industry in the United States is in excellent condition. According to one estimate, the construction industry is expected to do \$227 billion in business in 1985 -- a record for the industry, which accounts for approximately 8 percent of the gross national product.<sup>2</sup> Demand for apartments, shopping centers, homes, commercial property -- even office buildings, which are reported to be in oversupply in some cities -- has contributed to this expansion of an already substantial industry.<sup>3</sup>

At the same time, the construction industry is setting other records that, from the standpoint of state and local governments and private concerns that sign multi-million dollar construction contracts, are less welcome. In a recent address to the General Contractors Association, the New York State Commissioner of Transportation, Franklin E. White, observed that construction costs apparently have been rising faster than the general rate of inflation<sup>4</sup> -- a trend that surely appears inconsistent with the industry's record-setting pace of business. In addition, Commissioner White has noted indications that highway bids are at their highest levels in more than five years.<sup>5</sup> Finally, the Office of the Mayor in New York City noted earlier this year that while purchasers of concrete pay only \$45 per cubic yard of concrete in Philadelphia, and approximately \$60 in the New York City boroughs of Brooklyn and Queens, limitations in concrete supply have contributed to an increase in the price of concrete to nearly \$85 per cubic yard in the borough of Manhattan.<sup>6</sup>

Under a conventional economic theory the forces of competition acting in a free market do not account for such seemingly extraordinary pricing and bidding levels.<sup>7</sup> Although available data do not permit precise calculations, it appears that one of the significant contributions to the inflation of construction prices in recent years has been the gradual development of a system in which many New York building contractors provide extortionate payoffs to La Cosa Nostra, frequently via corrupt union officials, in exchange for the right

to work on certain construction projects or to dispense with such requirements as the payment of union-scale wages or benefits to workers at a job site. There is evidence, in some cases compelling, that this system also involves extensive collusion through the formation and operation of cartels for various construction specialties -- including concrete, and drywall, which are profiled in this chapter -- in which the participating construction contractors, with the guidance of union officials and LCN family members, allocate construction jobs among themselves and exclude non-cartel contractors whose entry into the New York market might threaten the stability, predictability and control of construction work that the cartels offer their members. Under such a system, the participant companies are beneficiaries not victims, since the benefits of the cartel may totally offset the increased costs it imposes. According to sworn testimony before the Commission from two persons with many years of experience, this system has become so pervasive throughout numerous sectors of the construction industry in New York that it has become "a way of life."<sup>8</sup>

One of these persons, a current participant in the construction industry, with known organized crime connections, has assessed the financial impact of organized crime corruption in the construction industry, estimating that a percentage which could be as high as 20%, is added to the cost of construction as an accomodation to organized crime.

## Organization of the Construction Industry

A construction project begins with an owner or developer of property who seeks to undertake a construction project (e.g., an apartment building, a corporate headquarters, a residential development, a municipal facility, or a highway). The owner/developer may function as its own general contractor on the project, or may hire another company as construction manager for that project. The general contractor submits a bid to the owner/developer for the total cost that it will charge the owner/developer for building the project. The general contractor also solicits bids from subcontractors in various specialties (e.g., plumbing or electrical work), who submit bids for the total cost to the general contractor of the building their part of the project. Typically, in contracts with non-governmental enterprises for construction projects, the general contractor is liable for cost overruns on the projects.<sup>9</sup>

To complete a particular construction project, the general contractor and subcontractors need several inputs. First, raw materials of several types, including cement, concrete (which consists of cement, sand, trap rock or other crushed stone, and other ingredients), and other building materials, must be transported from outlying locations to the building site. Second, the contractors must purchase or lease heavy construction equipment (such as bulldozers, cranes, cement mixers, and back

hoes) for use at the job site. Third, the contractors must obtain both skilled and unskilled labor to use the raw materials, operate the construction equipment, and perform other functions at the job site.

Labor unions are an integral part of this design. A brief description of a hypothetical construction project in Manhattan will help to illustrate the manner in which labor unions contribute to the construction process. The first phase of construction is conducted by the "outside trades." During this phase, various locals perform a variety of jobs to prepare the job site initially. While a number of locals may perform the same task in different parts of the city, it may be possible to build a structure in Manhattan using only unions that are or have been influenced by organized crime. Initially, a number of LIUNA locals are needed. For example, to demolish and remove existing structures on the job site, a Laborers Local handles wrecking and demolition chores, a Laborers Local then handles blasting and drilling operations, and a Laborers Local the excavation work. Other LCN influenced LIUNA locals are available for the next construction phases. A Laborers Local pours cement and concrete, and a Laborers Local, (Mason Tenders) supplies bricks and mortar to more skilled craftsmen.

A Operating Engineers Local handles the heavy construction equipment, and a Teamsters Local handles the removal of dirt and debris from the job site and the delivery of materials to the

site. A Teamsters Local role in the construction process is crucial, since the local can control all construction trucking in the New York City area (including Long Island) and constitutes the sole mode of transportation for almost every type of material needed on a job site.

The second phase of construction is conducted by the "inside trades." During this phase, a combination of locals from various unions -- often including the Boilermakers, Carpenters, Electrical Workers, Painters, Plasterers, and Plumbers Unions -- contribute their respective skills to completion of the project's interior.

As the foregoing description suggests, the successful completion of a construction project depends upon the efficiency with which each trade can take its place on the job site and perform its work. Many of the later stages of construction work cannot proceed until each of the earlier stages -- demolition, excavation, and concrete pouring, for example -- is completed. Since delay at any one stage inevitably delays the completion of later stages, a contractor has a substantial incentive (particularly if the construction contract makes the contractor liable for cost overruns) to obtain labor peace. That goal, however, is often difficult to achieve, since disputes between unions with competing or overlapping jurisdictions frequently arise concerning which union will perform a particular job. Organized crime is available to resolve any such disputes.

Labor Racketeering in the New York Construction Industry

The vulnerability of contractors to threats of delay in labor or supply of materials provides some union officials in the construction industry the ability to extort cash payments or other benefits from contractors, sometimes in exchange for benefits provided by the corrupt union officer to the contractor.

One of the more significant Federal prosecutions of union officials engaged in extortion of contractors involved John Cody, the former President of Teamsters Local 282 and trustee of that Local's Pension Trust Fund. For years, Cody had not only represented the interests of LCN families according to law enforcement sources, but also repeatedly extorted money and other items of value from contractors. One contractor provided Cody's mistress with the rent-free use of a luxury apartment, and parking spaces for both Cody and his mistress in the apartment garage. Two other construction contractors provided Cody with free chauffeuring service, performed by three Local 282 members who drew salaries from the contractors as "no-show" employees while spending their working hours serving Cody. In addition, Cody often demanded kickbacks in connection with construction projects and the Local 282 Pension Fund.<sup>10</sup>

Cody also used the collective bargaining process to institutionalize the creation of well paid no-show or ghost positions. The contract called for contractor employees to pay "working Teamster foremen" whose ostensible duties include checking all trucks arriving at a construction site to insure it has a Local 282 driver. Some working Teamster foremen actually perform this task, and they are paid substantial salaries. Other working Teamster foremen have less structured employment duties. Union officers have used some of these other foreman as chauffeurs and bodyguards. Other working Teamsters foremen actually assist La Cosa Nostra by overseeing and conducting illegal business on the job site, such as picking up gambling wagers and conducting loan shark arrangements. Even the largest and most influential companies are subject to the working Teamster foreman requirement. Former Labor Department Secretary Raymond Donovan confirmed the existence of ghost employees on New York City construction sites where his company, Schiavone Construction Company was a contractor. Donovan attempted to distinguish a complete "ghost" employee from a "working Teamster foreman." However, Donovan was forced to admit that his company had paid thousands of dollars to a "working" Teamster foreman, who never worked on the job site, but was instead a chauffeur to a union official.<sup>11</sup>

In 1982, Cody was convicted of operating Local 282 through a pattern of racketeering that included extortion, receipt of cash kickbacks, and a number of related Taft-Hartley violations. Cody

was sentenced to five years in prison. Cody's conviction and removal from union office, presumably has not changed the system.

Organized Crime's Dominance of the Construction Industry

An essential element of the collusion between contractors, construction locals, and the LCN is the presence of LCN members members, in the construction locals that perform key functions on construction projects in New York. The Commission's examination of the New York construction industry has disclosed substantial evidence that more than a dozen important construction union locals in New York City have had a documented relationship with one or more of the New York LCN families, often through the holding of union office by LCN members. Some examples of this situation include:

- o Ralph Scopo, an LCN Colombo family member, who has served as President of the New York District Council of Cement and Concrete Workers, and as President of Cement and Concrete Workers Local 6A;
- o Luigi Foceri and Frank Bellino, LCN Luchese family members, who have served as Vice Presidents of Laborers Local 20 (Cement and Concrete Workers);
- o Sam Cavallieri, an LCN Luchese family member, who controlled Blasters Local 29, at least until the time of his conviction,

In fact, according to federal law enforcement agencies at least 14 of the New York City construction industry labor organizations are, or have had a documented relationship with organized crime in the past five years.

LCN families rely on these contacts and union locals not only for routine extortion of contractors, but in some instances, for supervision of more elaborate collusive activities within certain segments of the construction industry. Some of these relationships are also used to benefit contractors and suppliers owned or paying tribute to organized crime. The concrete and drywall segments of the industry, provide examples of the intersection of union, contractors and La Cosa Nostra.

#### 1. The Concrete Industry

One source of information concerning the state of competition in the New York construction industry is a Federal civil action, brought by the State of New York in 1985, against a number of concrete producers, contractors, and joint ventures. The complaint alleges that the Transit-Mix Concrete Corporation (hereafter "Transit") and the Certified Concrete Company (hereafter "Certified") and other companies violated Federal antitrust law by conspiring to allocate major public and private concrete construction work in New York City among themselves. According to the complaint this was done through a system of bid-rigging and price-fixing and by conspiring to exclude other concrete subcontractors not in the scheme from competing for projects by threatening them with labor and concrete supply problems. The complaint alleges specific instances in which one

or more of the defendants warned a concrete subcontractor not to bid on a particular project because that project had already been allocated to another company, and forced concrete subcontractors to withdraw from a project or to enter a joint venture for a project.<sup>12</sup>

These allegations remain to be proven. Even if they are, such a pattern of bid-rigging and other collusive conduct is hardly surprising. Contractors in other construction specialties such as electrical work -- are known to have engaged in often elaborate schemes for market allocation, bid-rigging, and price-fixing during the 1980's in the New York area and elsewhere.<sup>13</sup> What distinguishes the New York concrete industry from other industries is the extent to which the LCN families in New York have become an integral part of the industry's collusive activities.

Two current criminal prosecutions in the Southern District of New York are expected to provide considerable information on the LCN's role in controlling the concrete industry in the city. In the first case, United States v. Salerno,<sup>14</sup> the indictment alleges that five of the named defendants are the heads of the LCN Luchese, Gambino, Genovese, Colombo, and Bonanno families in New York City, and are members of an LCN "Commission" that loosely supervises the operations of LCN families nationwide. The indictment alleges further that the "Commission" established and carried out various joint ventures between and among LCN

families, including a joint venture to control and dominate certain concrete contractors in New York City. The Commission conducted this joint venture by establishing a "club" of contractors who poured concrete, allocated concrete-pouring contracts with a value exceeding two million dollars, controlled recalcitrant contractors by threatening labor and cement supply problems, and received payoffs from participating concrete contractors. Three of the companies named in the New York State antitrust action are identified in the "Commission" indictment as having paid kickbacks to representatives of the Commission."

The second prosecution, United States v. Persico,<sup>15</sup> provides additional detail regarding LCN control over concrete contracts. In that case, the indictment alleged that the LCN Colombo family sought and exercised control over LIUNA Local 6A and the District Council of the Cement and Concrete Workers in New York, using the President and Business Manager of the District Council, Ralph Scopo, to influence the decisions of Local 6A and the District Council and to obtain extortionate payments from various New York area construction companies.

The prosecution's theory in Persico is that the payoff system involved a two-tier division of profits for the LCN. Under this two-tier system, which Scopo is alleged to have overseen, a contractor for any poured concrete job in New York City less than \$2 million in value would be required to pay one "point" (i.e., one percent of the job's price) to the LCN Colombo

family through Scopo. Allegedly, a contractor for any concrete job exceeding \$2 million in New York City had to be "approved" to receive the job, and was required to pay two points for ultimate distribution among the Columbo, Gambino, Genovese, and Luchese LCN families in New York.

In one conversation recorded on March 19, 1984, Scopo explained to a small contractor, Sally D'Ambrosia, who was considering a bid as general contractor on a large construction project at JFK Airport, complained that he had to comply with the payoff requirements:

D'Ambrosia: Yeah. Why can't I do the concrete?

Scopo: You can't do it. Over two million you can't do it. It's under two million, hey, me, I tell you go ahead and do it.

D'Ambrosia: Who do I gotta go see? Tell me who I gotta go see?

Scopo: You gotta see every family. And they're gonna tell you no. So don't even bother.

\* \* \*

Scopo: First of all the job costs you two points.

D'Ambrosia: Why two points?

Scopo: That's what they pay. Anything over two million. All the guys in the club, got so much, out pay two points.

D'Ambrosia: Uh, so I put two points into the job, you see that that's . . .

Scopo: That's what I say, you gotta put ahead it in of time.

D'Ambrosia: Yeah.

Scopo: That's without union, without nothin'.

When a contractor resisted making the payoffs, Scopo would use his influence to deny that contractor a supply of concrete and labor until the contractor acceded to the extortionate demands. In one recorded conversation, Scopo told a contractor about such a case:

He started a superstructure job. . . I went on the job, I knocked them all off. He [said] "you can't knock my men off". No. Watch me. I forget who was delivering the concrete. . . Well, . . . I called up. No concrete. He called back. I told the office, don't order no concrete for tomorrow because you're not getting any. That was the end of that. He seen I had the . . . stranglehold on him. . . It was 15,000 and it was . . . he would give me something, you know, for Christmas.<sup>16</sup>

Even though Scopo is now a defendant in both the "Commission" and "Colombo family" prosecutions, the payoff system in the concrete industry apparently continues to exist.

With technical assistance from the City of New York Department of Buildings, Commission investigators have attempted to determine the amount of poured concrete work in recent years, exceeding \$2 million on individual jobs, performed in the construction of commercial and residential buildings in Manhattan.<sup>17</sup> This investigation was undertaken for two reasons: First, to attempt to quantify the two percent skim apparently shared by four of New York's La Cosa Nostra families and, second, to determine the extent, if any of monopolistic conditions in Manhattan's poured concrete market.

This study examined over one thousand applications for new building construction in Manhattan during the years 1977 through 1984. Of these, Commission investigators identified 237 applications which had been approved for construction by the Department of Buildings and which involved poured concrete work exceeding \$2 million for those years. Supporting official records for 108 of these applications (45% of the total) were examined in further detail.<sup>18</sup> The overall number of poured concrete jobs in the study consisted of easily identifiable buildings usually exceeding fifteen stories.

During the eight year period examined, the poured concrete for 94 jobs, 87% of the poured concrete examined, was supplied by two companies, "Transit" and "Certified"<sup>19</sup> From 1980 to 1981, the demand for poured concrete quadrupled, coinciding with the beginning of a building boom in Manhattan. In recent years, 1981-1984, the "Certified"/ "Transit" combine maintained its market dominance and continued to supply 86% of the poured concrete on jobs examined by Commission investigators.<sup>20</sup> It should be noted that the Blue Book-Contractors Register for for the year 1982 lists 26 ready mix concrete companies in the New York City area.

An approximation of the two percent skim proved somewhat more difficult. During the period charged in the La Cosa Nostra Commission indictment, 1981 through 1984, approximately 1.2 million cubic yards of concrete were poured in the construction

of the 72 buildings examined by Commission investigators. Based on the concrete prices prevailing during those years,<sup>21</sup> the total cost of this poured concrete, delivered to the site, including labor costs, ranged from about \$78.3 million to \$175.7 million. Assuming that the two percent skim was collected on each of these jobs, the minimum gross take for those four years by the La Cosa Nostra families, solely from poured concrete in the Manhattan building construction examined, ranged from about \$1.6 million to a \$3.5 million. La Cosa Nostra's possible total gross profit from all forms of construction throughout the New York City area must have been at least several times this amount during 1981 - 1984.

## 2. The Drywall Industry

Certain similarities in patterns of collusion have also been evident in the drywall (i.e., sheetrock) industry, which installs drywall in construction projects. For example, Vincent DiNapoli, a member in the LCN Luchese family, not only owned or held interests in several New York drywall construction companies, but had an alliance with the President of the Carpenters Union District Council in New York, Teddy Maritas, on which drywall companies should get construction work and what rates should be charged for such work.<sup>22</sup> On at least one occasion, Maritas had the delicate task of hinting to a contractor, who knew nothing of the bid-rigging system and had inadvertently disrupted a

prearranged bid by submitting the lowest bid on a job, that the system existed and operated with the support of organized crime:

Maritas: Close the door, Friend, we got a problem . . . You got to understand something, all right This guy [Vincent DiNapoli] was being set up, okay, by very, very heavy people, okay, including myself, okay . . . The prices were all inflated, okay . . . If you weren't in there, I want to tell you what kind of ballgame you're in, okay The lowest price he [Vincent DiNapoli] had was a million dollars more than what you were asking for . . . I don't know if you understand what you're into, you know, when I tell you, okay

Contractor: You're laughing, so I don't know.

Maritas: I'm laughing because you're in a lot of hot water.

Contractor: Who is?

Maritas: You.

Contractor: Why . . . I don't understand.

Maritas: You have to understand something, okay Everybody get together, okay, specifically to see a certain guy get the job, okay, and people had it set up that way, okay Now you come along -- a million dollars less than we do, okay . . . I mean, you're a friend of mine . . . I'm not trying to hurt you, okay, swear to God. I want you to understand . . . Take my word for it because everybody that submitted a bid was set up . . . This thing had been set up for eight or nine months. I mean, like, everybody [had] been in on it and you come along, innocently, okay -- and come in a million less than the low bidder -- a million dollars, a million dollars I'm saying . . . Yeah, you're in the middle of a big ballgame my friend . . .<sup>23</sup>

Both Maritas and DiNapoli were ultimately prosecuted for racketeering. As previously noted, Maritas disappeared on the eve of his retrial, and is presumed dead. DiNapoli eventually pled guilty and was sentenced to five years' imprisonment.<sup>24</sup>

Recent investigations suggest such practices are continuing today. In the Persico case, for example, the government intends to present evidence concerning a small construction company, MJR, that has been building a development called Driftwood Land, Inc., in Atlantic Beach, New York. According to the indictment and the evidence to be presented at trial, the builder of the development paid an associate of the LCN Colombo family, Frank "Frankie the Beast" Falanga, \$800 for every house built in the development. In return, the builder was permitted to use exclusively nonunion labor on the project, and complaining unions were referred to Falanga.<sup>25</sup>

The owners of a large drywall company, Prince Carpentry, Inc., made payoffs to Carpenters Union officials to obtain their cooperation in allowing the company to avoid paying union scale. These payoffs enabled Prince Carpentry, which hired as many as 1200 drywall construction workers at one time, to keep two sets of books. One set, kept for official purposes, conformed to the union rate for straight time, overtime piece work, and union benefit fund deductions. Regular tax deductions were made and reported on the income kept in these records. A second payroll book, however, was a hand-kept ledger that reflected the piece rate work or off the books payments of union workers who were not paid union rates and where none of the required tax or union deductions were made.

These practices permitted Prince Carpentry to pay more than \$2,000,000 a year in unreported income, but cost the union members more than three quarters of a million dollars in dues and benefit fund payments that were never made.<sup>26</sup>

### Governmental Responses

While labor-management racketeering has plagued the construction industry in New York City for decades, governmental responses to this problem have generally been sporadic and inconsistent. Recent developments have shown more promise. A well-publicized investigation of the New York construction industry by the New York State Commission of Investigation, as well as the "Commission" and "Colombo family" prosecutions being conducted by the U.S. Attorney's Office for the Southern District of New York, have begun to bring to light the full extent of organized crime's influence and domination of the industry. These actions, coupled with the New York State antitrust case on concrete bid-rigging, may have an appreciable short-term effect on the problem.

None of these actions, however, is likely to have a dramatic effect on more than one segment of the industry in the longer term. It is believed that unions or LCN families have already found replacements for those defendants in the "Commission" and "Colombo family" prosecutions who played an integral role in the

industry's payoff system. Other criminal prosecutions against additional segments of the industry -- including electrical, plumbing, and road paving work -- may be necessary, in appropriate cases, to have a more substantial effect, even in the short term.

If government is to have a more lasting effect on a system that strives so vigorously to avoid and eliminate competition, it must examine the economic organization of the construction industry to determine the points at which new private and governmental initiatives can enhance competition and undermine the collusive tendencies of the industry. One of these points may be the supply of raw materials, such as cement, sand, and trap rock, that are needed for construction projects. Even if the bulk and low value of such materials preclude substantial reductions in the cost of transporting them to concrete producers,<sup>27</sup> costs at later stages of the construction process may be capable of reduction through various means.

One effort that will test the feasibility of this approach is a plan, announced earlier this year by New York City, to contract with an independent firm to construct and operate a concrete batching plant that would supply both City agencies and private builders with concrete at competitive market rates below current rates charged by concrete producers. Under this plan, private firms have already submitted proposals for construction and operation of the batching plant to the City. The firm whose

proposal is accepted would construct the plant at a City-owned pier, located on the Hudson River in midtown Manhattan, that would provide direct access for barges carrying raw materials by water, as well as trucks delivering concrete to construction sites. Production at the plant would be expected to begin in the summer of 1986, under a five-year contract with the City.<sup>28</sup>

One potentially troublesome feature of the plan -- given the recent extent of bid-rigging by concrete firms -- is that some of the firms that are technically most qualified to operate the proposed plant firms which may be most deeply involved in the bid-rigging and payoff system. Indeed, it would be ironic if the firm ultimately chosen to operate the proposed plant for enhancement of competition proves either to have participated in the concrete bid-rigging conspiracy or to have constructed the plant with the aid of other firms that themselves rig bids and make payoffs.

### Conclusion

opportunity to examine the governmental and private sector response to a perceived problem of the corrupting influence of La Cosa Nostra. The precise nature of this influence remains to be presented at criminal trials in the upcoming months.

Federal law enforcement initiatives began independently of state and local civil measure, resulting in the La Cosa Nostra Commission indictment. Apparently, monopolistic conditions continue to persist in Manhattan's poured concrete segment of the Construction industry, notwithstanding law enforcement's focus on the payoff aspects of the problem. An increase in demand for poured concrete has not resulted in new suppliers entering the market.

On going civil, criminal and regulatory measures should be viewed as part of the same process, and should be coordinated for that reason. This industry warrants extensive further investigation.

ENDNOTES

<sup>1</sup>J. Bonanno, "A Man of Honor 79 (1983).

<sup>2</sup>"Construction is Climbing," New York Times, November 17, 1985, \$3, p. 1, col. 1.

<sup>3</sup>See Id.

<sup>4</sup>Carmody, "Keeping an Eye on Costs," New York Times, November 17, 1985, \$1, p. 52, col. 6.

<sup>5</sup>Id.

<sup>6</sup>Office of the Mayor, City of New York, Press Release (May 15, 1985) at 1 [hereinafter "Mayor's Press Release"].

<sup>7</sup>See P. Samuelson, Economics, 58-70, (9th Edition 1973).

<sup>8</sup>Transcript of PCOC Public Hearing, Witness Bravo, April 22, 1985.

<sup>9</sup>See Complaint, State of New York v. Cedar Park Concrete Corp., 85 Civ. 1887 (LES) (S.D.N.Y., filed March 11, 1985), at 4 [hereinafter "New York State Complaint"].

<sup>10</sup>United States v. Cody, 722 F.2d 1052, 1055-56 (2d Cir. 1983).

<sup>11</sup>United States v. Sanzo, 673 F. 2d 64 (1982).

<sup>12</sup>New York State Complaint at 14-19.

<sup>13</sup>Pasztor, "Electrical Contractors Real under charges that they rigged bids", Wall Street Journal, November 29, 1985. p. 1 and 6.

<sup>14</sup>United States v. Salerno, Cr-85-154B (S.D.N.Y.1985).

<sup>15</sup>United States v. Persico 84 Cr. 809 (CLB) (S.D.N.Y. 1984).

<sup>16</sup>Court Authorized Electronic Surveillance, March 19, 1984.

<sup>17</sup>The study did not examine poured concrete work in street and highway jobs, or in the construction of federal and state buildings, the latter of which are substantial and include such major projects as Battery Park City and the Convention Center. No attempt was made to quantify the one percent allegedly skimmed by the Colombo Family on jobs less than \$1 million.

<sup>18</sup>The other 129 files not examined were either incomplete or could not be located by Department personnel.

<sup>19</sup>Certified is known more formally as Marine Pollution Service, Incorporated, a Pennsylvania Coporation.

20 1981 also marked the entry of Philip Castellano, a son of Paul Castellano, into the concrete producing business by starting a company known as Scara Mix, Incorporated, located in Staten Island, New York.

21 The Department of Buildings Chief estimator furnished these prevailing prices and explained that price variation stemmed from labor time costs incurred during transportation to and from construction site and delays at the site.

22 United States v. Maritas, CR-81-00122 (E.D.N.Y. 1981).

23 Court Authorized Electronic Surveillance, September 17, 1979.

24 Other prosecutions indicate that DiNapoli was not the only LCN contact with the Carpenters Union. Michael LaRosa, an LCN Luchese family member, pled guilty to racketeering charges for receiving money from Carpenters Union officials. In addition, Frank D'Ambrosio, pled guilty to a violation of the Taft-Hartley Act for acting as a middleman between management and Carpenters Union officials.

25 Persico Trial Transcript at 18-19 (opening statement of Assistant U.S. Attorney Bruce Baird).

26 United States v. Prince Carpentry Inc., et al., CR-82-\_\_\_\_ (E.D.N.Y. 1982).

27 See F. Scherer, Industrial Market Structure and Economic Performance 63 (2d ed. 1980).

28 Mayor's Press Release 180-85, May 15, 1985.

## SECTION TEN:

### CURRENT LAWS AND STRATEGY AND THE RESPONSE OF UNIONS AND BUSINESS

There has never been a comprehensive and well-coordinated Federal strategy to attack the organized criminal corruption of our business institutions and labor organizations. Although some Federal law enforcement agencies have devoted substantial resources to deal with organized crime in general, labor racketeering is one aspect of organized crime to which there has never been a continuing and substantial commitment of investigative, prosecutorial, and other governmental resources.

This section examines the current government and private sector response to labor and management racketeering, by explaining Federal laws and law enforcement agency jurisdictions, highlighting resources that are available but, in some cases, underused by the government, analyzing investigative strategies, and assessing the response of trade unions and business to the threat of mob corruption. Each area warrants close scrutiny, since loopholes in Federal legislation, overlapping or contradictory agency objectives, and unclear investigative strategies provide opportunity for organized crime to infiltrate the marketplace.

## Federal Labor Legislation

For 50 years our labor laws have rested on the premise that a fully productive economy is in the national interest.

Industrial peace between employees and employers is seen as the best way to accomplish that productivity. Congress hoped to minimize strife in labor-management relations by enacting the Wagner Act of 1935,<sup>1</sup> which has as its heart the right of workers to organize and bargain collectively. In 1947 the Taft-Hartley Act, formally titled the Labor-Management Relations Act,<sup>2</sup> added prohibitions against various forms of union misconduct, such as intimidation of employees, restraint or coercion of employers, refusal to bargain collectively, and engaging in certain types of strikes.

In 1959 the Landrum-Griffin Act, titled the Labor-Management Reporting and Disclosure Act (LMRDA),<sup>3</sup> again amended the basic labor relations statute. It attempted to regulate the governance of unions as well as the relations between labor and management, by lessening opportunities for racketeering and increasing the penalties for corruption.

Under Title V of the LMRDA officers of labor organizations occupy positions of trust in relation to the organization and its members.<sup>4</sup> In enacting the LMRDA Congress intended to ensure that full information concerning the financial practices and administrative procedures of labor organizations be made

available to the membership and the government. Congress designed the reporting provisions of the LMRDA to bring to light conflicts of interest and questionable transactions so that unscrupulous union officials and union members could not sacrifice the welfare of employees to their personal advantage or to the advantage of third parties. By requiring that labor organizations and employers make such disclosures, and by relying on voluntary action by members of labor organizations, Congress hoped that to establish a deterrent to the abuses which aroused widespread public concern in the wake of the McClellan Committee hearings.

The Employee Retirement Income Security Act of 1974 (ERISA) regulates private pension and welfare plans.<sup>5</sup> Title I of ERISA established a comprehensive framework of minimum standards and requirements for pension plans including participation standards, vesting standards, funding provisions, reporting and disclosure requirements, and fiduciary standards. ERISA requires a fiduciary to discharge his or her duties solely in the interest of the participants and beneficiaries, in order exclusively to provide them with benefits and defray the reasonable expenses of administering the plan.<sup>6</sup> Another feature of ERISA is its "prohibited transactions" provisions, under which plan fiduciaries may not engage in certain activities with parties who have an interest in the plan.

## Federal Agency Jurisdiction

Several Federal agencies share responsibility for oversight and enforcement of the nation's labor relations laws. The Department of Labor (DOL) administers several laws that directly affect the rights, pensions, benefits, and welfare of union members. The responsibility for prosecuting criminal violations of the labor laws lies with the Department of Justice (DOJ) jurisdiction to investigate criminal violations lies with the Federal Bureau of Investigation (FBI) and the Department of Labor (DOL).

The National Labor Relations Board (NLRB) processes unfair labor practice charges and ensures the fairness of representation elections. The NLRB also has the authority to call for elections to decertify unions that are not responsive to the needs of their membership.

The Internal Revenue Service (IRS) is responsible for enforcing the participating, vesting, and funding provisions of ERISA, and for investigating any criminal tax violations by labor and management racketeers. Through its regional offices the IRS audits approximately 20,000 pension and welfare plans each year, and can revoke a plan's tax exemption when significant ERISA violations are uncovered.<sup>7</sup>

## Federal Indictment/Conviction Statistics

To assess the level of coordination among the Federal agencies enforcing the labor racketeering laws and to address strategies for more effective enforcement, the Commission interviewed personnel at each agency and received supplementary program details from all participating agencies and divisions. The Commission also received five-year statistics (for the period August 1979 through August 1984) on criminal indictments and convictions of labor racketeers (see Appendix). This compilation of labor racketeering indictments and convictions is the first to include complete data from the broad spectrum of agencies and divisions participating in the government's labor racketeering enforcement efforts.

According to the Department of Labor, which tracked indictment/conviction statistics from 1970-84, more than 90 percent of the Federal cases against labor racketeers have been made in the past five years. The data compiled by the Commission confirm that the government's emphasis on the "Big Four" international unions has been both justifiable and fruitful, but has not ended the control racketeers exercise over these unions.

Of the federal prosecutions in this period involving the "Big Four" internationals, 50.4 percent were directed against organized crime-dominated locals, district councils, or the international itself; 36.0 percent against non dominated labor

organizations; and 13.6 percent against legitimate businesses involved contractually or commercially with the unions. Thirty-two percent of all prosecutions involved misuse of pension and benefit trust fund assets of the internationals or affiliated locals.

In contrast, the majority of Federal prosecutions involving other unions during the same period involved non dominated labor organizations. Only 11.9 percent of non-Big Four Federal prosecutions were directed at organized crime-dominated unions or locals, and 13.3 percent at legitimate businesses involved with this group of unions. The different focus in prosecutions of organized crime-dominated unions other than the Big Four can be explained by simple arithmetic. Approximately two-thirds of the nearly 400 organized crime-dominated or influenced labor organizations in the United States are affiliated with the IBT, ILA, LIUNA, and HEREIU Internationals. In addition only 4.2 percent of non-Big Four prosecutions involved misuse of benefit and pension trust fund assets.

The Federal government's efforts against labor-management racketeering, including both Big Four and non-Big Four internationals, breaks down as follows: 57.4 percent of prosecutions were against non dominated or influenced labor organizations; 29.1 percent of prosecutions were against organized crime-dominated or influenced labor organizations; and 13.4 percent of prosecutions were against legitimate businesses.

In some respects these average figures belie prosecutorial realities. For instance, in the widely publicized UNIRAC investigation of corrupt ILA unions and waterfront businesses, half of the prosecutions were directed at legitimate businesses operating in affected ports, while one-quarter of the prosecutions were against officers and employees of mob-dominated or influenced ILA locals and the International.

By number of violations, the most common labor racketeering offense is embezzlement of union funds, followed by false records and false information violations. Misuse of employee benefit funds, tax evasion, acceptance of bribes or kickbacks, and RICO violations are also offenses that labor racketeers have frequently committed.

Data on indictment and conviction activity by agency, as compiled by the Commission, reflect the successes as well as some of the flaws of the Federal attack on labor racketeering. The majority of cases investigated and prosecuted during the past five years were done so under the jurisdiction of the Department of Justice with assistance from the FBI, or the Department of Labor's Office of Labor Racketeering (OLR).<sup>8</sup> OLR has a fiscal year 1985 budget of \$4.7 million and is staffed with 91 criminal investigators; DOJ's Organized Crime and Racketeering Section has a fiscal year 1985 budget of \$13.8 million for the work of its 147 attorneys and 87 support positions; and, the FBI has a fiscal year 1985 budget of \$119.4 million and 1,492 agent years

committed to organized crime investigations. As with DOJ's Organized Crime and Racketeering Section, according to the FBI organized crime influence in labor racketeering is a priority within the FBI's broader organized crime program.

Unfortunately, there appears to be no consistency with respect to the type of information maintained in each agency's reporting system on indictments and convictions of labor racketeers. The IRS, for instance, does not record the occupation or union affiliation of those racketeers investigated for criminal violations of the tax code, despite the fact that the IRS often works on labor racketeering cases in conjunction with DOL or the FBI and is thus aware of such information. Consequently, the IRS does not have the computer capability to retrieve information on tax violators by their union or management affiliation. Finally, lack of coordination among the agencies results in an unreliable system of reporting indictment/conviction statistics. Case information maintained by one agency often does not correspond with information about the same case maintained by another agency. Indictment dates, conviction dates, and reported violations may differ; one agency may report the racketeer's union or business position, while another makes no note of such information; and case status information (sentencing, plea agreements, restitution of embezzled funds) is often missing or incomplete.

Agency Strategies Uncoordinated

The lack of coordination between agencies participating in the Federal attack on labor racketeering -- particularly the government's efforts to reform the Teamsters Central States Pension Fund -- is by now well-documented. According to the General Accounting Office, the government's investigation of the Central States Pension Fund over many years cost millions of dollars and was seriously hampered by DOL and IRS, both of which dealt inconsistently and ineffectively with Fund trustees. Consequently, the agencies had to initiate a second investigation of the Fund--losing valuable leads and potential prosecutions in the process.<sup>9</sup>

In addition, DOL for years has maintained that it is not a law enforcement agency, and only took up such responsibilities grudgingly. Because DOL has seen itself as the regulatory protector of unions and union management, it frequently exercised law enforcement authority only after extreme pressure from other agencies. One key problem with the Department of Labor as the "watch-dog" agency over labor-management racketeering is its susceptibility to political considerations from the constituency most closely identified with DOL, labor unions. Another recognized problem is the intervention by the Secretary of Labor's Office in the investigation of powerful unions' general or benefit funds. Implicit in such intervention is a concern not to offend the Department's political support.<sup>10</sup>

The Commission found that recent law enforcement efforts between agencies may be more cooperative, but are by no means coordinated. According to Federal officials interviewed by the Commission, different approaches to the labor racketeering problem produces healthy competition, which results in a more effective Federal effort. The FBI, for example, investigates racketeers under any viable statute to prevent corrupt individuals from holding positions of power and influence within the labor movement. Conversely, DOL's Office of Labor Racketeering has formulated its enforcement strategy along industry lines to detect how traditional and emerging organized crime groups penetrate labor unions and use these unions to monopolize certain industries. Officials of DOJ's Organized Crime and Racketeering Section were not interviewed in the preparation of this report.

A review of each agency's activities affecting labor racketeering illustrates the need for a coordinated national strategy.

#### The Department of Justice

The Commission's review of the Department of Justice focused on specific resources available to the agency that are underused in labor-management racketeering prosecutions. DOJ routinely uses many other criminal and civil tools. The FBI's activities

are included by inference in this section as they are closely intertwined with those of DOJ.

RICO. The most potent Federal criminal statute available to combat the presence of organized crime in the marketplace is the Racketeer Influenced and Corrupt Organizations (RICO) chapter of the Organized Crime Control Act of 1970. A primary purpose of the RICO statute is to outlaw the infiltration and illegal acquisition of legitimate economic enterprises and to prohibit the use of legal and illegal enterprises to further criminal activity. RICO has been effective as a weapon against organized crime since it allows the government to attack such crime not only by focusing on individual offenses, but also on enterprises or patterns of racketeering. Prior to RICO only isolated incidents of criminal activity were prosecuted, and it was nearly impossible to reach the economic base of organized crime.

The RICO statute created four new crimes that are particularly applicable to the area of labor-management racketeering: First, Section 1962(a) prohibits the acquisition of an enterprise using any income derived from illegal activity. Section 1962(a) provides in pertinent part that:

It shall be unlawful for any person who has received any income derived, directly or indirectly, from a pattern of racketeering activity or through collection of an unlawful debt to use or invest, directly or indirectly, any part of such income or the proceeds of such income in acquisition of any enterprise which is engaged in, or the activities of which affect, interstate commerce.

The principal terms in the RICO statute are defined broadly. "Person" includes any individual or organization capable of holding any property interest. "Enterprise" includes any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact, although not a legal entity. "Pattern of racketeering activity" is defined, generally speaking, as any two separate and substantive crimes enumerated in the statute, whether they be violations of state or Federal laws.

Second, Section 1962(b) of RICO prohibits the illegal acquisition or maintenance of any interest or control of an enterprise. Section 1962(b) provides that:

It shall be unlawful for any person through a pattern of racketeering activity or through collection of an unlawful debt to acquire or maintain, directly or indirectly, any interest in or control of any enterprise which is engaged in, or the activities of which affect, interstate commerce.

Examples of violations of Section 1962(b) applicable to the labor-management area include using extortion to acquire control or bribery to maintain control over a union or employer.

Third, Section 1962(c) is designed to reach persons who are employed by or associated with an enterprise, and who use that enterprise to engage in unlawful activities. Section 1962(c) provides that:

It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of an unlawful debt.

Examples of violations under Section 1962(c) would be where labor organization agents or employees engage in extortion, bribery, or embezzlement, or conversely, where an employer organization's agents or representatives engage in similar behavior. Section 1962(c) offers a wide range of opportunity for RICO jurisdiction in the labor-management area.

Fourth, Section 1962(d) of RICO prohibits any conspiracy to violate any of the provisions of subsections (a), (b), or (c) of Section 1962.

According to the Department of Justice, labor racketeering activity accounts for 10 percent of the cases to which RICO has been applied. In the context of labor racketeering, however, the importance of the RICO law is its broad civil remedies, including treble damages and equitable remedies patterned after antitrust legislation. For example, a court may enjoin any individual or corporation from investing in or operating a certain business and can direct divestiture or dissolution of that business. But civil remedies have been rarely used in racketeering cases. In fact, the Department of Justice has sought civil remedies in only 6 cases in the 15 years since RICO was enacted. One noteworthy

case against IBT Local 560 resulted in removal of the entire executive board of the union from their positions as trustees, creation of a temporary trusteeship for the union, and a government-supervised election of new trustees within 18 months of the judgment.

RICO Forfeiture. Congress first acted to provide for criminal forfeiture when it passed the RICO statute in 1970. During the mid to late 1970's, statutory limitations and ambiguities of RICO frustrated Federal law enforcement agencies from undertaking active pursuit of forfeiture.<sup>11</sup> First, the scope of property subject to forfeiture was limited. Although RICO was designed to deprive racketeers of the economic power generated by and used to sustain organized criminal activity, several courts interpreted the statute to prevent criminal forfeiture of a defendant's ill-gotten profits, even though other of his interests used or acquired in violation of the RICO statute would be forfeitable.<sup>12</sup> The effect of exempting racketeering proceeds from RICO's criminal forfeiture scheme seriously undercut the statute's utility and limited the extent of RICO forfeitures, particularly in case of wholly criminal enterprises, where little other than profits existed in the way of forfeitable assets.

Secondly, RICO criminal forfeiture provisions failed to address adequately the problem of defendants defeating forfeiture by removing, transferring, or concealing their assets prior to

conviction. A person who anticipated that some of his property would be subject to criminal forfeiture had the incentive and opportunity to shield his assets from forfeiture because only after conviction could the government seize the asset. Although the government could seek issuance of a restraining order to prevent transfer or depletion of a defendant's assets in the post-indictment stage, some court decisions required the government to meet the same standard applied to restraining orders in civil litigation, and held the Federal Rules of Evidence to apply to criminal forfeiture restraining order hearings.<sup>13</sup> In effect, such decisions required the government to prove the merits of the underlying criminal case and forfeiture counts and to put on witnesses well in advance of trial to obtain a restraining order. This was a difficult decision for a prosecutor, due to the risk of premature disclosure of the government's case and trial strategy, and possible jeopardy to witnesses and victims.

Finally, the financial burden of aggressive pursuit of forfeiture cases was placed on law enforcement agencies. Where the sale of forfeited property realized less than the expenses incurred by the government in storing, maintaining and selling the property, the net loss was carried by the agency's budget, even if profits from other sales were sufficient to offset these expenses. The financial resources of law enforcement agencies were not augmented by profitable forfeitures, but were depleted by those that were not profit producing.

In 1983 a unanimous United States Supreme Court held in Russello v. United States<sup>14</sup> that RICO's forfeiture provision, allowed the government to obtain the proceeds of racketeering activity as an "interest", subject to forfeiture. The Russello decision clarified that RICO forfeiture was not limited to interest in an enterprise, but extended to the profits and proceeds, including money, of racketeering activity.

Subsequently, Congress passed the Comprehensive Crime Control Act of 1984,<sup>15</sup> which further clarified the forfeitability of proceeds of racketeering activity and addressed the problem of defendants defeating criminal forfeiture by disposing of or concealing assets prior to conviction. Amendments to Section 1963 of RICO, contained within the Comprehensive Crime Control Act of 1984, included clarification of the basis on which restraining orders may be issued, new authority permitting a restraining order prior to indictment in certain circumstance, a provision setting out clear authority for avoiding improper pre-conviction transfers of assets, and a provision authorizing the court to order a defendant to forfeit substitute assets when property originally subject to forfeiture has been made unavailable at the time of conviction.

In the period between the passage of the Organized Crime Control Act of 1970 through May 1985, the Department of Justice approved 600 RICO cases for prosecution. Since 1980, nearly two-thirds of total RICO prosecutions have been approved.<sup>16</sup>

Labor-management racketeering has accounted for approximately 10 percent of all Federal prosecutions of criminal activity to which the RICO statute has been applied, ranking behind public corruption (25 percent), narcotics (17 percent), and fraud (16 percent), including fraud against the government. Two RICO provisions, Section 1962(a) and (b), prohibit the investment of racketeering proceeds into legitimate businesses and the takeover of such businesses by criminal means. These aspects of RICO have accounted for only 4 and 1 percent respectively, of Federal RICO prosecutions. Prosecutions under Section 1962(c), which prohibits conducting or participating in the affairs of an enterprise through a pattern of racketeering activity, account for 54 percent of federal RICO prosecutions, and the conspiracy subsection, Section 1962(d), for the remaining 41 percent.

The Organized Crime and Racketeering Strike Forces of the Department of Justice, which serve as the government's prosecutorial arm in the fight against labor-management racketeering, report a total of 68 RICO prosecutions from 1970 through July 1985.<sup>17</sup> Convictions in those cases have yielded \$1.125 million in fines and \$3.235 million in forfeited assets.<sup>18</sup> In the RICO cases prosecuted by the Strike Forces, labor racketeering has accounted for approximately 21 percent of criminal activity investigated, ranking behind infiltration of legitimate businesses (25 percent) and ahead of La Cosa Nostra activities (19 percent), corruption (13 percent) and narcotics (13 percent).<sup>19</sup>

The Justice Department's failure to use the civil RICO provisions stands in sharp contrast to states whose legislators adopted RICO statutes modelled on the Federal law. By contrast, Florida in 1979 enacted its own RICO statute, and the Florida Attorney General has brought 32 civil RICO cases with actual cash recoveries exceeding \$7.3 million as of October 1985. An additional 44 cases are pending, and 75 investigations underway. While the Florida act has been used most often in cases involving controlled substances, it has also been used successfully to attack the economic bases of pornography, prostitution, gambling, theft, and fraud enterprises.

The record of the Arizona Attorney General is similarly impressive. That office has brought more than 75 criminal or civil RICO prosecutions, and obtained civil judgments in excess of \$16 million. Other assets secured exceed \$5 million. Criminal prosecutions have brought more than \$1.5 million; fines and cost assessed exceed \$800,000.

Clearly the Justice Department needs to give higher priority to the use of the civil RICO provisions.

Antitrust. The primary purpose of the Sherman Act and related antitrust legislation is to promote competition. Section 1 of the Sherman Act prohibits every contract, combination, or conspiracy in unreasonable restraint of domestic or foreign

commerce.<sup>20</sup> It is designed to prevent competitors from engaging in anti-competitive activity by combining together and undertaking collusive activity. Section 2 of the Sherman Act prohibits monopolies, attempts to monopolize and conspiracies to monopolize domestic or foreign commerce.<sup>21</sup> Criminal violations of these sections can result in maximum fines of \$1 million for corporations and \$100,000 for individuals. Individuals may also be sentenced to a maximum of three years in prison.

Since the enactment of the Sherman Act in 1890, courts have determined that certain types of agreements are so inherently anti-competitive that they should be presumed to be unreasonable. In addition, a corporate defendant can be held criminally liable for the acts of its employees, where they were undertaken on behalf of or for the benefit of the company.<sup>22</sup>

There are numerous other crimes that may be prosecuted and, in recent years, have been prosecuted in connection with criminal antitrust violations. These crimes include: mail fraud,<sup>23</sup> wire fraud,<sup>24</sup> false statements,<sup>25</sup> aiding and abetting Commission of any of the listed crimes,<sup>26</sup> tax evasion for payoffs on rigged projects,<sup>27</sup> and Hobbs Act violations.<sup>28</sup> The Antitrust Division of the Department of Justice has frequently and successfully prosecuted charges of mail fraud, wire fraud and giving false statements in connection with its prosecutions of bid rigging in the road building, airport, electrical and utility construction industries during the past five years.

For the most part, however, Federal antitrust laws are tools used infrequently against corrupt unions, union leaders, and organized crime. Nonetheless, it is the ability to seek equitable relief to prevent and restrain violations of the Sherman Act that could make the use of Federal antitrust laws useful in the effort to eliminate organized crime's influence from the marketplace.

The Hobbs Act. Another resource available to Federal investigators and prosecutors is the Hobbs Act. This Act, in part, prohibits the obstruction, delay or affecting of commerce, or the movement of any article or commodity in commerce, by extortion, as well as any conspiracy or threat of violence in furtherance of a plan to do the same.

Although the Hobbs Act has long been recognized as a potentially valuable weapon to combat labor racketeering, a 1973 decision by the United States Supreme Court substantially affected its potency. In United States v. Enmons, a Hobbs Act prosecution for violent conduct during the course of a labor dispute, a closely divided Court held that the Hobbs Act did not reach all labor-related violence but only violence that is "wrongful" in the sense that the extortionist did not have a lawful claim to the property he sought to obtain. Under this interpretation the Hobbs Act does not reach the actual or threatened use of violence directed at obtaining "legitimate

labor objectives" or economic benefits, which can otherwise be lawfully obtained by collective bargaining. Because the property demanded in Enmons -- higher wages for services and employment benefits -- was considered a "legitimate" objective of collective bargaining, the Court found that the Hobbs Act's prohibitions on extortion were not applicable. As a result of Enmons, the Hobbs Act does not reach extortion, however violent, in those instances where the union can claim that its demand for property, such as wages, is a "legitimate union activity."

In essence, the Supreme Court's interpretation of the Hobbs Act in Enmons unwittingly created a loophole in Federal law, which allows organized crime figures indirectly to obtain personal gains through the extortion of employers or employees under the guise of legitimate union activities conducted by mob-controlled organizations. Moreover, a union under the direction of organized crime associates could be used to commit violent acts against a non union business competitor, claiming that the violence took place in pursuit of a legitimate, non-prosecutable labor objective, such as union organizing, when the actual purpose was to eliminate unwanted business competition for the syndicate. In such a case it would be virtually impossible to prove the absence of a legitimate goal (i.e. union organizing), which is protected under Enmons.

The unintended effect of the Enmons decision has been to discourage the Department of Justice from prosecuting certain

types of labor-related violence or threats that advance the interests of organized criminal groups but that may be difficult to prove as clearly extortionate. In many instances union officials have demanded that employees pay money to their unions or to funds associated with the unions for the ostensible purpose of furthering legitimate union objectives, but have then converted those payments to their own personal benefit. The current language of the Hobbs Act, however, does not clearly permit Federal authorities to investigate and prosecute such conduct, as well as conduct that involves the use of wholly unjustifiable means to achieve even legitimate labor objectives.

Deprivation of Rights By Violence Statute. The First Amendment to the United States Constitution and Federal law guarantee union members the right to meet and assemble freely and to express any views, arguments, or opinions. In organized crime dominated unions, however, rank and file activity is met with a combination of violence, loss of employment and lawsuits designed to discourage worker involvement. Workplace democracy, the foundation of honest unionism, finds no place for itself in mob-dominated unions.

Title IV of the LMRDA prohibits the willful use of force or violence to restrain, coerce, or intimidate any member of a labor organization for the purpose of interfering with or preventing the exercise of any right guaranteed by LMRDA. In the 26 years since the passage of the LMRDA, however, the Department of

Justice has brought only a handful of prosecutions for violations of Section 530. One reason for this is that a conviction under Section 530 carries only a maximum sentence of one year's imprisonment as a misdemeanor. A cumbersome intent element also seriously undermines its utility, and Federal investigations have often been deferred to state authorities for prosecution. For example, the Chief Steward of IBT Atlanta Local 528 masterminded a campaign of arson and violence against a group of disgruntled Teamsters who sought to decertify the Local as their bargaining representative. A Teamsters union member, who crossed a picket line against the direct wishes of the union leadership, had her house burned down by union supported arsonists. This arson was only one of 50 major acts of violence Local 528 leadership directed at union members. Violence included slashing of automobile tires, shooting into union members' homes, arson of farm outbuildings, and other acts of terrorism. The case resulted in a successful state prosecution after long investigation by the Federal Bureau of Investigation.

The limited number of prosecutions under Section 530 also highlights the difficult proof requirements that complicate use of the statute. The example of organized crime figure Loren Piccaretto, who was indicted under Section 530, is illustrative. Trieste, an LCN soldier from Rochester, New York, and a business agent of LIUNA Local 435, and Piccaretto, an LCN soldier who was then a steward with the same Local, assaulted a union member who stated publicly that the "mob is infiltrating the union." The

defendants admitted assaulting the victim, but claimed the assault was completely unrelated to the victim's speech or any union activity. The statute requires proof that the person applying force or intimidation intended to carry out an act of violence "for the purpose of interfering" with the victim's right as a union member. In the case against Trieste and Piccaretto the jury hopelessly deadlocked on this issue because such language and activity was commonplace at their union hall, and the victim was found not sufficiently intimidated because he continued to work after the assault.

#### The Department of Labor

ERISA Enforcement. Without question the lack of coordination and strategy in the government's attack on labor racketeering is most apparent in the crucial area of investigating union benefit fund misuse. Implementation of an ERISA enforcement program has been plagued with difficulties since passage of the legislation. At its inception, ERISA enforcement emphasized technical assistance and program education. Several years later strategy was redirected to fiduciary investigations with an emphasis on large plans. Finally, in 1983 goals were redirected again to focus on smaller plans and criminal investigations.

This program lacks a defined strategy and is uncoordinated.-- an intolerable situation, considering that approximately 915,000 pension and 4.6 million welfare plans are covered by ERISA, with more than \$900 billion in assets for more than 266 million participants. If benefit fund misuse "is the crime of the 1980's", as some have described it, then the government is attacking the problem with outmoded and obsolete techniques.

The Office of Pension Welfare and Benefit Programs. The division within the Department of Labor that has prime responsibility for enforcement of ERISA is the Office of Pension Welfare and Benefit Programs (OPWBP). Before May 12, 1984, OPWBP was called the Pension and Welfare Benefit Programs Office and was part of the Labor Management Standards Administration. This DOL division administers those provisions of LMRDA governing the handling of union funds, the reporting and disclosure of union administrative and financial practices, the election of union officers, and the administration of union trusteeships.

In hearings before the Committee on Labor and Human Resources of the United States Senate in 1982, concern was expressed that the OPWBP had accumulated a large backlog of enforcement cases, many of which were becoming endangered by statute of limitations. There was also concern that an inordinately large number of cases were closed out

administratively through 1981, resulting in a lack of vigorous or timely action against pension and welfare fund abuses.<sup>29</sup>

DOL established an internal task force, which reported in 1982 that "current (ERISA) enforcement policy is vague, ambiguous and incomplete...[and] criminal investigations have been discouraged by the National office...."<sup>30</sup> Another report by the same task force in July 1983 found continuing insufficiencies in enforcing ERISA.<sup>31</sup> Finally, an internal DOL group concluded in 1984 that:

...at no time in the history of ERISA enforcement have sufficient resources been made available to fulfill the responsibilities given the Department. As a result of this lack of resources, the Department has been unable to maintain a level of credibility sufficient to create an impression within the employee benefit plan community that violations of criminal and civil law related to employee benefit plans are likely to be detected and corrected."<sup>32</sup>

Criticism about the program's effectiveness in protecting plan participants' benefits, from the General Accounting Office, DOL's Inspector General, and the internal DOL working group, resulted in its transfer from the Labor Management Standards Administration. It was reassigned to OPWBP, a separate unit within DOL, which reports directly to the Secretary. The remaining components of the labor standards office became a newly-established Office of Labor Management Standards (OLMS) and the Office of Labor-Management Relations Services. Field offices for general union and employee benefit plan oversight were also

realigned into separate entities, one for OPWBP and one for OLMS. The separation at the field level was completed in early 1985.

John J. Walsh, who directed and coordinated the activities of the Department's internal task force and who served as director of ERISA enforcement during 1983-84, notes that the structural split of these two divisions left both enforcement programs "without leadership and in a state of confusion."<sup>33</sup> In its latest assessment of the program under the new structure, the General Accounting Office again found there is no effective strategy for enforcing ERISA and selecting employee benefit plans for review.<sup>34</sup>

The Commission's review of OPWBP shows that the administrative restructuring of the division has not changed or has had little impact on its consistent problem - lack of a clearly articulated enforcement strategy. Inordinate delays in appointing top officials to direct the new division have contributed to its ineffectiveness. There is still limited oversight of benefit plans due to the small investigative staff relative to the number of plans to be monitored, the number of participants, and the amount of funds to be protected. OPWBP's overall fiscal year 1985 funding is \$29 million. There are 486 employees, of whom 253 are investigators or auditors. The OPWBP's Office of Enforcement at headquarters has a staff of 30, out of a total of 187 positions at the national office. OPWBP reports that it reviews about 2,400 plans annually, which is less

than one percent of the total number of plans nationwide. These figures translate into one investigator or auditor for every 4,500 pension plans. The Office of Enforcement, which is responsible for providing policy guidance and direction to the field offices, acknowledges that its staff is inadequately trained in real estate, banking, and financial investing - all areas essential to investigating corrupt uses of employee benefit funds. Of the types of violations addressed by OPWBP during the past year, most involved inappropriate loans under ERISA's "prohibited transactions" clause, purchase of property or a tangible item from a company sponsoring a plan, and inadequate bonding of plans.

ERISA Civil Enforcement. In 1975 the Justice Department delegated to the Department of Labor the responsibility to litigate most civil cases involving violations under ERISA. Within the Department of Labor, the Plan Benefits Security Division (PBSD) in the Office of the Solicitor provides legal assistance to OPWBP in its enforcement of employee benefit plan legislation. OPWBP submits cases for legal analyses of the issues and alleged violations, and PBSD returns them with a recommendation for appropriate action or litigation. PBSD can, for example, initiate litigation against an employee benefit plan's fiduciaries to require them to make good any loss suffered by the plan because of a breach of fiduciary duty or to restore any profits gained through a violation of fiduciary obligations.

Litigation also can be initiated for removal of a trustee or other fiduciaries.

Until the matter came to the attention of Congress and the General Accounting Office in 1982, however, cases stopped in PBSD and went no further, resulting in a very sizable backlog. Indeed, interviews conducted by the Commission with PBSD program officials confirm that for the past six years the staff of that division has been wholly occupied with its litigation and subsequent settlement of the Central States Pension Fund case and the Morris Shenker litigation.<sup>35</sup> In fiscal year 1984 OPWBP reported 383 cases were "closed", involving \$93 million in assets recovered or safeguarded under ERISA.<sup>36</sup>

Under a working agreement between DOL and the IRS, OPWBP sends cases to IRS to impose an excise tax on persons who engage in prohibited transactions with employee benefit plans. From June 1983 to May 1984 OPWB referred no more than 123 cases to the IRS. Of this number, the IRS closed 107 cases with no action; only 16 resulted in imposition of a tax.<sup>37</sup> OPWBP says that it receives no feedback on those cases that it does refer to the IRS.

Coordination Between Divisions Needed. OPWBP's contribution in detecting leads and isolating cases of mob manipulation of union benefit funds has been negligible. Little feedback emanates from OPWBP, based on its analysis of the ERISA reporting

forms and desk audits of funds, to either DOL's Office of Labor Racketeering or the Department of Justice. Similarly, there is no feedback loop between OPWBP and the Office of Labor-Management Standards. Since more than 49,000 labor organizations with total assets of \$7.2 billion and combined receipts of \$9.5 billion are required to file reports with OLMS, there is a wealth of information deposited within that division. This surely overlaps with the information labor organizations report about their benefit funds to OPWBP. Indeed, many recent cases of labor racketeering are examples of schemes perpetrated against general union funds, as well as union benefit fund coffers, as in the case of John Cody and Teamsters Local 282. Yet, coordination between the two divisions of DOL responsible for monitoring the cumulative activities of labor organizations in the United States is sadly lacking, and has been further hampered by the recent administrative separation of the divisions.<sup>38</sup>

LMRDA and ERISA Disclosure Reports. The reports and disclosures required under LMRDA and ERISA have become vital to those seeking to ensure that the fiduciary obligations of union officers and benefit plan trustees are faithfully discharged. Certain reporting forms promulgated by the Secretary of Labor, such as the Labor Organization Annual Report, or LM-2, and the Annual Report of Employee Benefit Plan, or Form 5500,<sup>39</sup> are integral to most Federal agency investigations.<sup>40</sup>

Deficiencies in the reporting required and delays in analyzing or disseminating the reports filed can be critical. The government's investigation of the Central States Pension Fund was severely hampered because the reports detailing questionable loans reached DOL investigators too close to the expiration of the statute of limitations for adequate investigation and prosecution. Similarly, a possible criminal case against the Central States Pension Fund's consultant, Allen Dorfman, and a questionable loan made by the Fund for a factory in Deming, New Mexico, was lost because of internal delays at DOL: the Office of Labor Racketeering did not receive the Fund's disclosure report from OPWBP in sufficient time to seek an indictment before the statute of limitations ran out.

In light of the importance of the various reports required by LMRDA and ERISA, the Commission staff undertook an analyzed the information required to be reported by labor organizations, employers, labor consultants, and administrators of employee benefit plans under rules promulgated by DOL and the IRS,<sup>41</sup> and the efficiency of DOL information collection and dissemination.<sup>42</sup>

Annual Reports Are Not Accessible to Field Offices.

Currently, the two Labor Organization Annual Reports -- Form LM-2 for labor organizations with total annual receipts in excess of \$100,000, or labor organizations under trusteeship; and Form LM-3 for small unions with receipts of less than \$100,000 -- are not

immediately accessible in DOL field offices located in major metropolitan areas. Information contained in the reports is not transferred to a computerized form or data base. Informational requests from agents in the field meet with significant delay before the form can be transmitted, particularly when a labor organization is delinquent in filing its form. Thus, investigations are hampered at a critical stage.

More Detailed Information is Needed. Neither the LM-2 nor the LM-3 require labor unions to divulge the number of dues-paying members represented by the labor organization. The inability of investigators to assess accurately the number of dues-paying members obstructs complex inquiries of a union's financial affairs. For example, in United States v. Cunningham, Cunningham's attorney claimed at trial that his Allied and Federated Security Guards Union numbered more than 6,000 in 1980, an increase of nearly ten-fold from the time Cunningham assumed control of the union in 1974. However, at a rate of \$10 per member per month in union dues, Cunningham-controlled unions should have realized over \$700,000 a year in dues income -- a far cry from the \$370,000 it reported in 1980.<sup>43</sup> Without accurate figures on union strength, Federal investigators were handicapped in their investigation of potential embezzlement from union funds, or possible Taft-Hartley violations of employer-union officer collusion.

If a union official is not required to report the number of employees represented, employers have a certain amount of leeway in forwarding dues to the union that are normally deducted from the employee's paycheck automatically. The possibility of kickbacks to a union officer or employer are increased, while the treasuries of the union are significantly reduced. Similar discrepancies can occur in health, welfare, and pension benefit funds, if unions are not required to disclose accurate figures on membership.<sup>44</sup> If law enforcement agencies could readily obtain such information, investigations could be targeted at the largest and most influential unions associated with organized criminal leadership.

Currently, neither the LM-2 nor the LM-3 elicit information concerning union officers or employees who hold multiple offices or who are employed by more than one labor organization. In addition, the forms do not request data concerning officers who hold positions as trustees or administrators of employee benefit plans. The Commission staff has documented instances where union officers hold positions in as many as five separate labor organizations and receive reimbursement for expenses from as many as three separate offices or organizations.<sup>45</sup> Clearly, a union representative who holds more than one office cannot devote full-time efforts to each position of trust, although the benefits of a particular officer's expertise may warrant less than full-time dedication to a labor organization.

Although Section 504 of the LMRDA bars persons convicted of certain criminal offenses from positions of trust in labor unions, the disclosure forms do not request any information regarding officers' or employees' criminal records. Information elicited is limited to an officer's or an employee's position in the union, status, salary, allowances, reimbursed expenses, and other monetary disbursements. Without more detailed information, such as the standard identifying characteristic of an individual's date of birth, it is difficult for investigators to retrieve essential information about individual officers and employees of unions from centralized criminal record files.

Current reporting forms often become outdated regarding the identity of union officers, if vacancies on executive boards or in individual offices occur during the fiscal year and are filled by appointment rather than by general election. Annual reports must be filed within 90 days after the end of the labor organization's fiscal year,<sup>46</sup> with no requirement to amend information in the event of change in union officers. As demonstrated in the cases of some independent unions, officers can pack union offices and executive boards with relatives and cronies, running their unions as private entrepreneurs, while investigators must seek to determine the identity of officeholders who have replaced those listed on the previous fiscal year's annual report.

Furthermore, information concerning the payment of criminal fines or advancement of legal defense fees on behalf of union officers is not requested on current annual reporting forms. Although the payment of an officer's criminal fines from union treasuries for violations of the LMRDA is illegal, and advancement of an individual officer's legal fees is improper until such time as an officer-defendant is acquitted,<sup>47</sup> investigators have little recourse, other than undertaking complex inquiries into the union's financial affairs, to determine whether improper expenditures on behalf of individual officers were authorized.

Penalties For Violations of the LMRDA Are Misdemeanors.

Willful violation of the reporting requirement provisions of the LMRDA, knowingly making a false statement in a report required by the LMRDA, or concealment or destruction of records required to be kept under the LMRDA is only a criminal misdemeanor.<sup>48</sup> In contrast, any person who makes a false statement, or makes use of a false writing or document, in any matter within the jurisdiction of any department or agency of the government, is guilty of a felony punishable by a fine of not more than \$10,000 or imprisonment of not more than five years, or both.<sup>51</sup>

Furthermore, in compiling the statistics on labor management racketeering offenses, the Commission staff found that the number of convictions for offenses under the reporting provisions of the LMRDA is minimal. Although such a finding may be indicative of

the presence of more egregious racketeering offenses, it may equally indicate prosecutorial choices not to pursue LMRDA reporting violations because of insufficient penalties upon conviction.

ERISA Reports Are Not Disseminated. Since the IRS and OPWBP each need to review the Form 5500 to ascertain compliance with various provisions of ERISA, an administrative mechanism was worked out between the agencies whereby the 5500s are sent to and processed by IRS, after which they are forwarded to OPWBP for analysis. The Department of Labor pays \$2.3 million yearly to the IRS to process the forms. However, review of the 5500s is such a low priority at IRS that the information is not sent to OPWBP until at least 18 months from the date of filing by the benefit plan. Since there is a three-year statute of limitations on bringing criminal cases for false reporting, OPWBP often decides not to investigate cases if the delay caused by IRS results in a potential statute of limitation problem. Delinquent or deficient filings by benefit plans fall under the review of IRS as well, but OPWBP reports that it does not receive any information about fines assessed or collected from ERISA-covered plans. In sum, the 5500s could be a useful investigative tool to OPWBP in providing false statement or excessive service fee leads, and in developing profiles or guides for field agents to use in complex investigations. As the system currently works, however, the filing and processing of these reports are largely a waste of taxpayers' and union members' money.

Form 5500 Fails to Elicit Vital Information Concerning Service Providers. Under the reporting provisions of ERISA, employee benefit plan administrators are required to submit annual reports to the Secretary of Labor concerning persons who have provided services to the benefit plan and have received compensation from the plan.<sup>52</sup>

In the current Form 5500 information concerning benefit plan service providers -- which are defined as "any individual, trade or business... responsible for managing the clerical operations (e.g., handling membership rosters, claims payments, maintaining books and records) of the plan on a contractual basis"-- is limited to a three-line portion of the form.<sup>51</sup> The Form 5500 calls for (1) the name of the service provider, or contract administrator; (2) its employer identification number; (3) its official plan position; (4) the relationship of the service provider to an employer, employee organization, or a person known to be a party in interest; (5) the gross salary or allowances paid by the plan; (6) fees and commissions paid by the plan; and (7) the nature of the service provided.

The provision of services to a benefit fund is an opportunity for members and associates of organized crime to execute subtle forms of economic fraud, to the detriment of plan beneficiaries. Opportunities for kickbacks and payoffs abound in the lucrative field of service provision to benefit funds. The

most glaring example of this form of economic fraud is demonstrated in the case of Allan Dorfman, the racketeer who was slain after his conviction for attempting to bribe former U.S. Senator Howard Cannon with favors from the Central States Pension Fund. The extent of Dorfman's involvement in CSPF activities was made graphically clear in various wiretaps offered in evidence in trial.

The Form 5500 also does not call for information concerning subcontractors of service providers to benefit plans. A number of recent congressional investigations and criminal prosecutions have revealed that certain corrupt individuals, groups, and corporations garner service provider contracts with employee benefit plans and then implement schemes to subcontract with consultants, health professionals, insurance agents, brokers, and suppliers of computers and other related administrative services.<sup>52</sup> These schemes provide virtually limitless opportunities for skimming and kickbacks, and several investigations have exposed a series of satellite corporations, or phantom corporations with no employees, all acting as subcontractors to benefit plan service providers.<sup>53</sup> The lack of information provided on the Form 5500 regarding subcontractors to benefit plan service providers leaves investigators with little recourse other than to rely on grand jury subpoena authority to determine the existence and extent of benefit fund abuse. This process frequently demands great expense of time and resources.

The National Labor Relations Board

The National Labor Relations Board was created under the National Labor Relations Act in 1935, and later continued as an agency of the United States under the authority of the Labor Management Relations Act in 1947. The purpose and policy of the Labor Management Relations Act of 1947 is:

to promote the full flow of commerce, to prescribe the legitimate rights of both employees and employers in their relations affecting commerce, to provide orderly and peaceful procedures for preventing the interference by either with the legitimate rights of the other, to protect the rights of individual employees in their relations with labor organizations whose activities affect commerce, to define and proscribe practices on the part of labor and management which affect commerce and are inimical to the general welfare, and to protect the rights of the public in connection with labor disputes affecting commerce.

The Labor Management Relations Act of 1947, establishes the right of employees to organize, to form, join, or assist labor organizations, and to bargain collectively through representatives of their own choosing. Under the Act it is an unfair labor practice for an employer to interfere with, restrain, or coerce employees in the exercise of guaranteed rights, or to dominate and interfere with the formation or administration of any labor organization. Similarly, it is an unfair labor practice for a labor organization or its agents to restrain or coerce employees in the exercise of their rights.

The National Labor Relations Board (NLRB) processes unfair labor practice charges and ensures fair representative elections. The Board, which is set up as a quasi-judicial body that acts as an adjudicator in cases brought to the attention of its staff, also has the authority to call for elections to decertify unions no longer responsive to the needs of their membership. When the Board determines that a party has engaged in an unfair labor practice, it issues findings of fact and a cease and desist order to the party. It is empowered to order such affirmative action as is necessary to effectuate the policies of the Labor Management Relations Act. However, no provision is made in the Act to deal with the domination of a labor organization by organized crime, unless such domination falls within the unfair labor practices enumerated in the statute dealing with employees and labor organizations.

In certain cases the NLRB has found that a union was so dominated by organized crime that it could not be considered a labor organization. In Harrah's Marina Hotel,<sup>54</sup> the employer claimed it should not be forced to bargain with the Federation of Special Police and Law Enforcement Officers (the Federation), a "criminal enterprise operated for the sole purpose of enriching Daniel Cunningham," a case discussed previously in Section Seven, The Independent Unions. In that case, the NLRB found that:

[the] record... [demonstrates] a picture of an organization, the Federation, owned and operated by Cunningham and his associates as their personal business and for their personal profit...<sup>55</sup>

In Harrah's, Local 2 of the Federation sought certification by the Board as a bargaining representative for a unit or guards at this Atlantic City hotel/casino. The employer responded aggressively, challenging the union's petition and issuing subpoenas for numerous documents, including financial reports and statements, minutes of meetings, records showing the identity of union officers and employees and their salaries and expenses, records showing members' participation (or lack thereof) in union membership affairs, and loan documents and rental agreements. At the hearing before the NLRB in Philadelphia, the union responded with obstructionist tactics, refusing to produce subpoenaed materials and presenting testimony, which was totally discredited. Based on the record at the hearing, the Board found that the union did not constitute a labor organization. It did so, however, not on the basis of the union's organized crime connections and activity, but rather under another doctrine, which allowed the Board to deny labor organization status based on the union's refusal to make available relevant facts in its possession.

Despite the Board's ruling in Harrah's, the union was not defeated as a labor organization. The NLRB region involved in the Harrah's decision dismissed petitions for elections by the union, which were presently pending before it. However, this action involved only the Philadelphia region and had no effect on petitions pending in any of the other 32 regions of the Board and did not have any effect on prior decisions granting labor

organization status. After Harrah's, some other certifications of the federation were revoked.<sup>56</sup> However, this action required the employers to take the affirmative step of making a motion to the Board to revoke the union's certification. The union maintained its bargaining representation status for any employers who lacked the resources or the inclination to raise their own challenge to the union's status.

The NLRB has ordered the decertification of a single bargaining unit of the corrupt International Longshoreman's Local 1814. In Longshoreman's Local 1814 v. NLRB,<sup>57</sup> the United States Court of Appeals for the D.C. Circuit upheld the Board's ruling, stating that the drastic remedy of decertification was justified by the "central policy of the LMRA--to allow workers free exercise of their rights to bargain collectively...." The court continued:

Where corruption is endemic to the relations between an employer and union, the Board is justified in requiring a fresh start under which employees may freely designate a collective bargaining representative of their choice.<sup>58</sup>

The decision upheld the Board's finding that LCN member Anthony Anastasio and Local 1814 President Anthony Scotto and others received "a deliberate, flagrant and very substantial kickback", and that the employer's decision to recognize the union was premised on mutual corruption--the kickbacks paid to the union officers would in turn result in additional business for

the employer. Such findings, however, are sporadic and are applied on an employer complaint-by-complaint basis.

The NLRB is the government agency that initially recognizes the right of a union to exist and bargain on behalf of the employees it represents. Based on the Commission's investigation, there are instances where fraudulent recognition cards are used as the basis to obtain this crucial legal recognition.

There are several methods by which a legitimate union seeks recognition and require an employer to bargain with it. The union can present recognition cards to the NLRB signed by 30 percent or more of the employees at a proposed bargaining unit. The Board is required to review the cards. If they appear to be in order, and if the bargaining unit is appropriate and the holding of an election is not barred, the Board orders a secret ballot election for the employees to vote whether they wish to be represented by a union and their choice of the union. Alternatively, the union can obtain an agreement from the employer to conduct a "card check." If 50 percent of the employees have signed cards indicating they want the union to represent them, the employer must recognize the union. When the mob calls on employers and workers, however, the system becomes skewed.

First, recognition cards may be signed under duress or threats of violence. Second, the cards simply may be forged-- a longstanding practice of labor racketeers. Sworn testimony given more than 30 years ago indicated that mob-controlled unions took short-cuts by signing-up A&P supermarket employees who were "organized" in a procedure that included forging thousands of cards. Finally, the NLRB procedures may be used as an excuse to "shake down" employers, as when racketeers threaten that a demand for NLRB recognition has been made. The employer may well decide to recognize what he probably knows is a mob-dominated union or make a payoff to send the racketeers away.

The NLRB also adjudicates cases of violence directed against individuals seeking to exercise their Landrum-Griffin rights. If the Board finds that the National Labor Relations Act has been violated through an unfair labor practice, the offending union is required to post a notice in its union hall agreeing to cease and desist. The notice usually states that the union will not in the future engage in activities that violate the law. This relief however, affords little comfort to the victims of violence. In addition, the NLRB process is notoriously slow, with the issues often evaluated years after the violation occurs. In cases of violence, or threats of violence, the failure to obtain timely and effective relief removes the teeth from the NLRB process.

Internal Revenue Service.

There are three field divisions within IRS: Criminal Investigation, Examination, and Collection. The jurisdiction of the Criminal Investigation Division ("CID") encompasses all alleged or suspected criminal violations of the Internal Revenue laws, including all statutes under Title 26 of the United States Code, certain sections of Title 18 to the extent that violations thereof pertain to the Internal Revenue laws, and provisions of Title 12 relating to the recordkeeping requirements imposed on persons who have an interest in foreign financial accounts and to financial institutions. The CID had a total budget of \$200 million in Fiscal Year 1984, with field special agents numbering 2790. Although the CID does not allocate its manpower or its budget to any specific illegal activity, such as labor racketeering, its efforts in the labor racketeering field are included in its Special Enforcement Program, for which the manpower and budget for fiscal year 1984 were 1,349 special agents and \$96,885,180 respectively.

The CID has primary responsibility for detecting, selecting, and developing cases involving criminal violations of the Internal Revenue laws. IRS District Counsels then refer such cases, if deemed appropriate, to the Tax Division of the Department of Justice, which is responsible for authorizing prosecutions or grand jury investigations of appropriate ones. The Tax Division also has direct responsibility for conducting

tax grand juries and prosecutions, but most often these matters are handled by U.S. Attorneys throughout the country.

The IRS's Examination Division is responsible for reviewing returns and proceeding civilly against filers who have attempted to avoid taxes. Although the CID and Examination Division have been assigned different missions, they are complementary, and each division necessarily relies on the work of the other in performing its own functions.

As a result of its investigation of racketeering in the marketplace, the Commission has found that businesses that are controlled directly by, or are partners with, organized crime often funnel money to organized crime members by excessively compensating "legitimate" employees or by paying salaries to "ghost employees" or by doing both. After making these payments, which are not in any way in return for services rendered, such businesses treat the payments as salaries, or other compensation for personal services, and deduct them as business expenses thus reducing their taxable income.

The Internal Revenue Code provides two ways for dealing with the improper deduction of payments, which are claimed to be and are deducted as reasonable salaries: civilly, the IRS may disallow the deduction, issue a notice of deficiency for any taxable year in which the deduction was taken, and force the taxpayer to bear the burden of proving that the payment was a

reasonable salary; or CID may develop a criminal case alleging that the business taxpayer has evaded taxes or has made or subscribed a false return and refer it to the Tax Division. Because of statutory privacy and disclosure rights, the Commission has been unable to determine whether the IRS has made use of these weapons for combatting racketeering payments disguised as salaries in the marketplace. However, on the basis of general discussions and research, the Commission has concluded that, generally, cases involving the deduction of unreasonable payments as ordinary and necessary business expenses are not given a high priority within the agency for various reasons, including adverse judicial determinations; in other words, the IRS currently has no formal, operative program designed to respond to the problem of payments by businesses to organized crime, which are then deducted as salaries or other forms of compensation.

#### Securities and Exchange Commission

The Securities and Exchange Commission (SEC) is charged with administering the Securities Exchange Act of 1934, the Securities Act of 1933, the Public Utility Holding Company Act of 1935, Trust Indenture Act of 1939, Investment Company Act of 1940, and the Investment Advisers Act of 1940. Among other things, the SEC is responsible for insuring that pertinent and material facts concerning public offerings of securities, securities listed on

national securities exchanges, and certain securities traded in the over-the-counter markets are disclosed publicly. In that regard, under the 1933 and 1934 Acts, the following persons are required to disclose certain financial and other pertinent information to investors by filing statements and reports with the SEC:

- (1) Issuers of securities, and controlling persons thereof, who make public offerings for sale in interstate commerce or through the mails are required to file registration statements;
- (2) Companies that have securities listed on the national securities exchanges are required to file registration applications and annual and other reports;
- (3) Certain companies whose securities are traded in the over-the-counter markets are required to file annual and other reports.

In connection with these various mandatory filings, the SEC has issued regulations concerning their contents. One such regulation is entitled "Standard Instructions for Filing Forms Under Securities Act of 1933, Securities Exchange Act of 1934 and Energy Policy and Conservation Act of 1975." Regulation S-K sets forth the requirements applicable to the content of the non-financial statement portions of reports and statements filed under the 1933 and 1934 Acts. Subpart 229.400 of Regulation S-K discusses and delineates the material that must be included in such reports concerning management and certain security holders. More specifically, the statute requires that directors, executive

officers, and employees who are not executive officers but who nevertheless make or are expected to make significant contributions to the business of the registrant be identified in the reports and statements. The required identification of these individuals includes the provision of the following information:

A description of the involvement of the individual in certain legal proceedings, some of which are listed below, that occurred within the past five years and that are material to an evaluation of the ability or integrity of the individual:

- (a) Federal bankruptcy or state insolvency proceedings involving the partnership or corporation or business association of the individual;
- (b) Whether the individual was convicted in a criminal proceeding or is a named subject in a pending criminal proceeding;
- (c) Whether the individual was the subject of an order permanently or temporarily enjoining him from, among other things, engaging in any type of business activity;
- (d) Whether the individual was found in a civil proceeding to have violated any Federal or state securities law.

As a result of its investigation of racketeering in the marketplace, the Commission found that businesses influenced by organized crime or in effect joint venturers with organized crime are making public offerings of their securities, or having their securities listed on national securities exchanges or traded over-the-counter in transactions regulated by the 1934 Act. However, the SEC has not made the supervision or regulation of such companies a high priority. A legitimate investor would certainly consider information concerning organized crime

connections material to the issue of whether or not to buy the securities of such a company.

### The Labor Movement's Response to Organized Crime

The AFL-CIO is a voluntary association of 96 international unions representing some 20 million employees throughout the nation. ILA, HEREIU and LIUNA, all of which have been identified by the FBI as being influenced or controlled by organized crime are members of the AFL-CIO. Other unions, which have for years been dominated by La Cosa Nostra are not members of the AFL-CIO. These include the International Brotherhood of Teamsters, a union expelled from the AFL-CIO in 1957.

In 1981 AFL-CIO President Lane Kirkland testified before the United States Senate Permanent Subcommittee on Investigations that union officials who invoke the Fifth Amendment to shield themselves from an inquiry into their fiduciary responsibilities cannot be allowed to hold office. In practice, however, the AFL-CIO has rarely applied this policy. In 1957, the AFL-CIO did expell the International Brotherhood of Teamsters in part because Jimmy Hoffa invoked his Fifth Amendment privilege before the U.S. Senate Permanent Subcommittee on Investigations in response to questions about corruption in his union. Since that event almost 30 years ago, the AFL-CIO Executive Committee has not met to

address expulsion of union leaders or unions on similar grounds.

Yet, officials of two AFL-CIO international unions have steadfastly refused to testify before Congressional committees over the past few years. These officials, Teddy Gleason of ILA and Edward Hanley of the HEREIU, were each called before the same Subcommittee, and each invoked the Fifth Amendment. In April 1985, LIUNA president and AFL-CIO executive board member Angelo Fosco invoked the Fifth Amendment at a deposition before this Commission and subsequently at the Commission's public hearing, which focused on organized crime infiltration of his labor union.

The AFL-CIO constitution recognizes that one of the objects of the Federation is "to protect the labor movement from any and all corrupt influences." The AFL-CIO has established a mechanism by which to root out the corrupting influence of organized crime. In 1956 and 1957, the AFL-CIO adopted a series of Codes of Ethical Practices designed to recognize that "the American labor movement has clearly accepted the responsibility for keeping its own house in order." They declare that:

- It is a firm policy of the AFL-CIO that the highest ethical standards be observed and vigorously followed by all officials of the AFL-CIO and its affiliates in the conduct of their offices.
- If a trade union official decides to invoke the Fifth Amendment for his personal protection and to avoid scrutiny by proper public bodies, he has no right to continue to hold office in his union.
- The possession of union charters covering "paper locals" has granted racketeers a "hunting license" to invade the

jurisdictions of other national or international unions, in the interests only of corruption and dishonest gain, and to cloak with a respectable name a whole range of nefarious and corrupt activities.

- Labor union trust funds should be administered according to minimum accounting and financial controls for affiliates set by the AFL-CIO.
- Where any trustee, agent, fiduciary or employee of a health or welfare program is found to have received an unethical payment, the union should insist upon his removal and should take appropriate legal steps against both the party receiving and the party making the payment.
- No person should hold or retain office or appointed position in the AFL-CIO or any of its affiliated national or international unions or subordinate bodies who is commonly known to be a crook or racketeer preying on the labor movement and its good name for corrupt purposes, whether or not previously convicted for such nefarious activities.

The 35 member AFL-CIO executive council has "the power to conduct an investigation" of any situation in which "there is reason to believe that any affiliate is dominated, controlled or substantially influenced in the conduct of its affairs by any corrupt influence." The responsibility for conducting such investigations has been delegated to the Committee on Ethical Practices, which has not met in the last 25 years.

There is a delicate balance between the desire of trade union members to keep their unions free of taint, and the fundamental needs of fairness, due process, and other constitutional guarantees to which union officials and members are entitled.

The only apparent explicit sanction for violation of the AFL-CIO Code of Ethical Practices is suspension or expulsion from

the Federation. The AFL-CIO has no provision for membership on the Ethical Practices Committee by persons outside of the labor movement. Neither the AFL-CIO constitution nor its Code of Ethical Practices makes specific mention of organized crime. Finally, the current president of the AFL-CIO has indicated that he is "not aware of any situation in which an AFL-CIO affiliate has been openly, notoriously and admittedly, dominated, controlled or substantially influenced by corrupt figures."<sup>59</sup>

The AFL-CIO believes there is no "appropriate substitute for the criminal justice system" for getting at the truth of corrupt influence.<sup>60</sup> One member of the AFL-CIO Executive Board, a former president of the ILGWU, in 1977 said, "Forgetting morality for a moment, I don't know if we have the ability or the desire to deal with organized crime."<sup>61</sup> The Commission rejects the premise that the AFL-CIO is powerless against the forces of organized crime. At the same time the AFL-CIO cannot be expected to do on its own a job that requires the help of many.

Several unions have found ways to signal their membership that organized crime corruption is not condoned by the leadership without relying on the criminal justice system. In the United Auto Workers (UAW), President Walter Reuther created a review mechanism, the Public Review Board, which is governed by citizens who aren't UAW officers or employees. The Board has the power to hear appeals by union members and to overrule union officers. In setting up the Board, Reuther stated that it should "cover the

broad area of ethical and moral standards." Since its inception in 1957 the Board has decided more than 700 appeals. While the main impact of these cases has been to protect the internal democratic procedures of the UAW, the Board recently received its first case of alleged corruption.

Voluntary efforts by unions to free their organizations from organized crime's influence sends a clear signal to the membership, and to the general public, that not even the perception of corruption will be tolerated. Such efforts augment the work of law enforcement, and need to be increased.

#### Business Policy Against Organized Crime

According to a recent study by the Center for Business Ethics at Bentley College, the vast majority of Fortune 500 companies have written codes of ethics.<sup>62</sup> However, it appears that codes adopted by U.S. businesses fail to focus on the influence of organized crime in the marketplace. Where these codes address the problem of crime, it is in the context of white collar crimes against the corporation. Although some codes addressed bribe offers to corporate employees, only seven percent emphasized the need to protect corporate reputations.

One large U.S. corporation has recently adopted a written policy that addresses the problem of organized crime in the

marketplace, and the responsibility of corporate employees in dealing with organized crime-controlled enterprises. The Continental Can Company, Inc., whose representatives testified before the Commission regarding the corporation's role in the Boffa labor leasing scheme described in Section Five, adopted the following policy regarding leased drivers, largely in response to concerns raised by the Commission:<sup>63</sup>

#### Policy Regarding Leased Drivers

Driver labor leasing is a legitimate industry born out of its customers' needs relating to seasonal business activity, shifting business, administrative support, labor actions against other company operations and labor compensation.

To maintain our costs at competitive levels in today's environment, we require leased trucking agreements.

Because of the sensitivity regarding leased drivers, we have adopted the following control policies.

- The responsibility for the coordination of all leased labor activity will be the responsibility of the General Manager of Traffic and Distribution.
- We will not enter into contracts with companies known to be associated with organized crime.
- All labor leasing contracts will include a clause prohibiting assignment of the contract to other leased driver companies without our prior written approval.
- We will continue competitive bid procedures.
- We will cost-justify all new use of leased labor. However, strategic reasons will also influence the final decision.
- We will continue to request D&B reports annually for labor leasing agencies with whom we do business.

We have considered the desirability of employing an outside consultant to perform a background check on all present and prospective leased labor suppliers. We have concluded that it is unnecessary for legitimate suppliers, but will do so in any case where we suspect any connection with organized crime.

The Commission recognizes that codes alone cannot make an ethical and legal environment for the corporation to deal with organized crime in the marketplace, and that clear language, enforcement procedures, and penalties for non-compliance must be specified in order for any code of conduct to be effective. Senior management officials must be aware of corruption.

FOOTNOTES

<sup>1</sup>29 U.S.C. §§151 et seq.

<sup>2</sup>29 U.S.C. §§141 et seq.

<sup>3</sup>29 U.S.C. §§401-531.

<sup>4</sup>29 U.S.C. § 501, entitled "Fiduciary responsibilities of officers of labor organization," states:

(a) The officers, agents, shop stewards, and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group. It is, therefore, the duty of each such person, taking into account the special problems and functions of a labor organization, to hold its money and property solely for the benefit of the organization and its members and to manage, invest, and expend the same in accordance with its constitution and bylaws and any resolutions of the governing bodies adopted thereunder, to refrain from dealing with such organization as an adverse party or in behalf of an adverse party in any matter connected with his duties and from holding or acquiring any pecuniary or personal interest which conflicts with the interests of such organization, and to account to the organization for any profit received by him in whatever capacity in connection with transactions conducted by him or under his direction on behalf of the organization. A general exculpatory provision in the constitution and bylaws of such a labor organization or a general exculpatory resolution of a governing body purporting to relieve any such person of liability for breach of the duties declared by this section shall be void as against public policy.

(b) When any officer, agent, shop steward, or representatives of any labor organization is alleged to have violated the duties declared in subsection (a) of this section and the labor organization or its governing board or officers refuse or fail to sue or recover damages or secure an accounting or other appropriate relief within a reasonable time after being requested to do so by any member of the labor organization, such member may sue such officer, agent shop steward, or representative in any district court of the United States or in any State court of competent jurisdiction to recover damages or secure an accounting or other appropriate relief for the benefit of the labor organization.

<sup>5</sup>29 U.S.C. §§ 1001 et seq.

<sup>6</sup>See 29 U.S.C. 1104(a)(1)(B), which states that trustees of plans have an obligation to invest the plan's assets and are held to the "prudent man standard":

[A] A fiduciary shall discharge his duties with respect to a plan absolutely in the interest of the participants and beneficiaries and . . . .

[B] with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.  
29 U.S.C. 1104(a)(1)(B).

<sup>7</sup>Termination of benefit plans is seldom carried out by the IRS because of concern for plan beneficiaries. In addition, the IRS's interpretation of the Privacy Act and the IRS disclosure statute, 26 U.S.C. § 6103; has resulted in an administrative policy which prohibits most types of disclosures about specific taxpayers to other law enforcement agencies. The difficulties which these statutes and the IRS's interpretation thereof create minimize the overall effectiveness of the government's anti-racketeering efforts.

<sup>8</sup>This division of DOL was created in 1978 in response to congressional and GAO criticism of the Central States Pension Fund investigation as it was managed by DOL. While OLR is technically under the control of DOL's Office of the Inspector General, OLR criminal investigators work closely with the FBI and the Department of Justice Strike Forces in conducting labor racketeering investigations. Unlike the other components of the Office of Inspector General, OLR is not mandated to investigate waste, fraud, and abuse within DOL.

<sup>9</sup>See, e.g., "Investigation to Reform Teamsters' Central States Pension Fund Found Inadequate," GAO Report HRD-82-13, April 28, 1982; "Coordination Between the Departments of Labor and Justice in Investigating Criminal Activities of Labor Unions and Employee Pension and Welfare Benefit Funds," Letter report of January 24, 1984, from the GAO to Senator Orrin Hatch, Chairman, U.S. Senate Committee on Labor and Human Resources; "The Department of Labor's Oversight of the Management of the Teamsters' Central States Pension and Health and Welfare Funds," GAO Report HRD-85-73, July 18, 1985; Oversight Inquiry of the Department of Labor's Investigation of the Teamster Central States Pension Fund: Hearings before the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs, 96th Cong., 2nd Sess., September 29 and 30, 1980; S. Rep. No. 122, 97th Cong., 1st Sess. (1981); and S. Rep. No. 177, 97th Cong., 1st Sess. (1981).

<sup>10</sup>Labor-management relations attorney Joseph Rauh, Jr. has characterized the decision to vest enforcement responsibilities under the LMRDA in the Department of Labor as a "hideous mistake." According to Rauh,

[DOL] is a fiefdom of labor just as the Commerce Department is a fiefdom of businesses.... But who would want the Commerce Department deciding whether a business is in violation of the antitrust laws?.... How can a Labor Secretary say to a union leader one day, "Look, you've got to end that strike of yours; the country needs your help; you must support our President." How can he say that to a union leader one day and the very next day sue him under Landrum-Griffin?

Joseph L. Rauh, Jr., Twenty Five Years of Landrum-Griffin, Union Democracy Review No. 42, September 1984.

<sup>11</sup>According to G. Robert Blakey, former chief counsel to the Subcommittee on Criminal Laws and Procedures of the Senate Judiciary Committee and a principal draftsman of RICO, "The first fifteen years of RICO were a failure if you consider the laws real purpose. But now that's changing rapidly. And that's not so unreasonable. It's like an architect with a vision. It takes a long time to build the building." S. Brill, Winning the War on the Mafia, American Lawyer, December 1985, at 1.

<sup>12</sup>See, e.g., United States v. McManigal, 708 F. 2d 276 (7th Cir. 1983); United States v. Marubeni America Corp., 611 F.2d 763 (9th Cir. 1980).

<sup>13</sup>See, e.g., United States v. Crozier, 674 F. 2d 1293 (9th Cir. 1982).

<sup>14</sup>464 U.S. 16 (1983).

<sup>15</sup>pub. L. No. 98-473.

<sup>16</sup>Letter from Gerard T. McGuire, Deputy Chief, Organized Crime and Racketeering Section, U.S. Department of Justice to James D. Harmon, Jr., Executive Director, President's Commission on Organized Crime (July 8, 1985).

<sup>17</sup>Id.

<sup>18</sup>The United States Marshals Service, which manages all property seized under federal criminal provisions allowing for forfeiture of assets, including RICO and various narcotics statutes, reports total civil and criminal asset forfeitures in excess of \$314 million, with \$10 million of assets in question in pending cases.

<sup>19</sup>McGuire letter, supra, n. 15.

<sup>20</sup>15 U.S.C. § 1.

<sup>21</sup>15 U.S.C. § 2. The offense of monopoly under Section 2 of the Sherman Act has two elements: (1) the possession of monopoly power in a relevant market; and (2) the willful acquisition or maintenance of that power as distinguished from growth or development as a consequence of a superior product, business acumen or historic accident. The elements of a combination or conspiracy (3) an overt act in furtherance of the conspiracy; (4) a substantial amount of commerce affected; and (5) specific intent to monopolize.

<sup>22</sup>There are several other provisions of the Sherman Act that may be useful in the fight against organized crime. One such provision is Section 6 of the Sherman Act which permits the forfeiture of any property in domestic commerce (or being shipped to a foreign of any property in domestic commerce (or being shipped to a foreign country) owned under any contract or acquired by any combination or pursuant to any conspiracy that can be prosecuted under Section 1 of the Sherman Act. Such property may be seized and condemned in accordance with existing law for the forfeiture, seizure and condemnation of property illegally imported into the United States. 15 U.S.C. § 6. A similar provision applies to contracts, combinations or conspiracy declared to be contrary to public policy, illegal and void when made between two or more persons or corporations, either of whom is an agent or principal, who are engaged in importing any article from any foreign country into the United States, and when the contract or conspiracy is intended to operate as an unlawful restraint of trade or to increase the market price of any article imported or intended to be imported into the United States. 15 U.S.C. § 8. A violation of this statute is a misdemeanor punishable by a maximum fine of \$5,000 and imprisonment for a period not to exceed one year. Section 11 of the Sherman Act has a parallel provision for forfeiture of property in transit in violation of Section 8 of the Sherman Act.

<sup>23</sup>18 U.S.C. § 1341.

<sup>24</sup>18 U.S.C. § 1343.

<sup>25</sup>18 U.S.C. § 1001.

<sup>26</sup>18 U.S.C. § 2.

2718 U.S.C. §§ 286, 287.

2818 U.S.C. § 1951.

29 Labor Department ERISA Compliance: Hearings before the Senate Committee on Labor and Human Resources, 97th Cong., 2nd Sess., February 23 and 24, 1982.

30 Report of Evaluation and Recommendations on ERISA Enforcement, Joint OIG-LMSA Task Force, Department of Labor, May 1, 1982, p.i.

31 Report on A Task Force Study of the Organization, Staffing and Position Classification in Pension and Welfare Benefit Programs, July 1983, by the joint DOL task force.

32 Final Report of the ERISA Enforcement Working Group, July 30, 1984, p.i.

33 Report of May 29, 1985 from John J. Walsh to the Commission, "Enforcement Responsibilities in the Department of Labor," p.i.

34 Interim Report on the Department of Labor's Management of the ERISA Enforcement Program, GAO, HRD-85-82, June 24, 1985.

35 A 1977 audit of the Culinary Workers Pension Fund, occasioned by the murder of the union's boss, Al Bramlet, revealed that about 60 percent of the fund's \$43 million was lent to Morris Shenker. Shenker also owed the Teamsters benefit funds some \$156 million and \$23.5 million to Pipe-Fitters Local 562. After protracted litigation, Shenker and his companies were enjoined in 1984 from using the assets of any ERISA-covered employee benefit plan. On May 15, 1984, the United States District Court for the District of Nevada entered findings of fact and conclusions of law which were amended on August 6, 1984, in the Secretary of Labor's ERISA action, Donovan v. Schmoutey, 592 F. Supp. 1361 (D. Nev. 1984). The Court held that Shenker and his companies knowingly participated in the Pension Fund trustees' violation of their duty to diversify the investments of the Pension Fund and to prudently invest plan assets. The Court further held that the Pension Trust was entitled to recover \$33,939,360 from Shenker. Finally, Shenker and his companies were permanently enjoined from borrowing from, receiving an extension of credit from, or using the assets of any ERISA-covered employee benefit plan.

Following the entry of the first judgment, Shenker and one of his companies filed for bankruptcy.

36 GAO Report supra, n. 28.

37 "Assessment of How the Department of Labor's Solicitor's Office Handles Pension and Welfare Cases," GAO, HRD 85-6, November 6, 1984 p.30.

<sup>38</sup>See n. 29-33, supra, and accompanying text.

<sup>39</sup>29 C.F.R. §§403.1 et seq.; 29 U.S.C. §1103(c).

<sup>40</sup>See Organized Crime and Labor-Management Racketeering: Hearings before the President's Commission on Organized Crime, April, 1985, at 352 (testimony of DOL Special Agent Jeffrey Schaffler).

<sup>41</sup>See 29 C.F.R. §§401-408.

<sup>42</sup>In order to perform its study, the Commission staff conducted field interviews of personnel in various agencies with the Department of Labor, including agents of the Office of Labor Racketeering, and undertook an analysis of the various forms currently utilized by the Labor-Management Services Administration (LMSA), the Office of Pension and Welfare Benefit Programs (OPWBP), and the Internal Revenue Service (IRS), to which various forms are forwarded under ERISA.

<sup>43</sup>1980 Form LM-2, Dept. of Labor.

<sup>44</sup>IRS Form 5500, Annual Report of Employee Benefit Plan, does require disclosure of the number of participants, active, retired, and/or separated, in health insurance, life insurance, and pension benefits plans, but this information is not readily accessible to rank and file union member due to backlogs in public inspection requests.

<sup>45</sup>See, e.g., Sec. Three, supra p. 13-14.

<sup>46</sup>29 C.F.R. §403, 2(a).

<sup>47</sup>See Urichuck v. Clark, 689 F. 2d 40 (3d Cir. 1982); Highway Truck Drivers and Helpers Local 107 v. Cohen, 182 F. Supp. 608 (E.D.Pa.), aff'd. 284 F. 2d 162 (3d Cir. 1960), cert. denied, 365 U.S. 833 (1961); cf. Morrissey v. Curran, 650 F. 2d 1267 (2d Cir. 1981) (union's payment of president's legal defense fees proper when suit dismissed for failure to prosecute). See generally Counsel Fees for Union Officers Under the Fiduciary Provisions of the Landrum-Griffin Act, 73 Yale L. J. 443 (1964).

4829 U.S.C. § 439, provides in pertinent part:

- (a) Any person who willfully violates this chapter shall be fined not more than \$10,000 or imprisoned for not more than one year, or both.
- (b) Any person who makes a false statement or representation of material fact, knowing it to be false, or who knowingly fails to disclose a material fact, in any document, report, or other information required under the provisions of this subchapter shall be fined not more than \$10,000 or imprisoned for not more than one year, or both.
- (c) Any person who willfully makes a false entry in or willfully conceals, withholds, or destroys any books, records, reports, or statements required to be kept by any provision of this subchapter shall be fined not more than \$10,000 or imprisoned for not more than one year, or both.
- (d) Each individual required to sign reports under sections 431 and 433 of this title shall be personally responsible for the filing of such reports and for any statement contained therein which he knows to be false.

18 U.S.C. § 1, which classifies offenses against the United States, defines a felony as "[a]ny offense punishable by death or imprisonment for a term exceeding one year." Any other offense is a misdemeanor. 18 U.S.C. § 1 (1), (2).

4918 U.S.C. §1001.

50Section 103 (c) of ERISA provides in pertinent part:

"(c) The administrator shall furnish as a part of a report under this section the following information:

- (1) The number of employees covered by the plan.
- (2) The name and address of each fiduciary.

(3) Except in the case of a person whose compensation is minimal (determined under regulations of the Secretary) and who performs solely ministerial duties (determined under such regulations), the name of each person (including but not limited to, any consultant, broker, trustee, accountant, insurance carrier, actuary, administrator, investment manager, custodian who rendered services to the plan or who had transactions with the plan) who received directly or indirectly compensation from the plan during the preceding year for services rendered to the plan or its participants, the amount of such compensation, the nature of his services to the plan or its participants, his relationship to the employer of the employees covered by the plan, or the employee organization, and any other office, position, or employment he holds with any party in interest.

29 U.S.C. § 1103.

<sup>51</sup>See Annual Report of Employee Benefit Plan, Form 5500, at Appendix B.

<sup>52</sup>See, e.g., S. Rep. No. 595, 98th Cong., 2d Sess. 197 (1984).

<sup>53</sup>Id. See also House Select Committee on Aging, Comm. Pub. 97-324, "Fraud and Abuse in Pensions and Related Employee Benefit Plans," p. 60.

<sup>54</sup>267 N.L.R.B. 1007 (1983).

<sup>55</sup>Id.

<sup>56</sup>See, The Wackenhut Corporation, 271 N.L.R.B. No. 12 (1984); Burns International Security Services, 271 N.L.R.B. No. 66 (1984).

<sup>57</sup>735 F. 2d 1384, 1401 (D.C. Cir. 1984), cert. denied, 95 S. Ct. 565 (1984).

<sup>58</sup>Id. at 1387-88.

<sup>59</sup>Letter to James D. Harmon, Jr. from Lane Kirkland dated October 22, 1985.

<sup>60</sup>Id.

<sup>61</sup>Womens Wear Daily, Sept. 2, 1977, at 1.

<sup>62</sup>Are Corporations Institutionalizing Ethics?, report on a survey by the Center for Business Ethics at Bentley College in Waltham, Massachusetts (1985).

<sup>63</sup>In an October 25, 1985, letter submitted to the Commission by R. Philip Silver, President of Continental Can Company, Mr. Silver stated that:

[A]t the time of my appearance before the President's Commission in Chicago, I told you that I intend to issue a new policy at the Continental Can Company concerning leased drivers. For your information, I am enclosing a copy of this policy.

SECTION ELEVEN:

RECOMMENDATIONS  
FOR A NATIONAL STRATEGY

Introduction

Despite many major prosecutorial successes, the government's efforts to remove organized crime's influence over unions and legitimate businesses have been largely ineffective. This situation does not stem simply from too few laws or unavailable remedies. It arises from a lack of political will, a lack of fixed responsibility, and a lack of a national plan of attack. It arises fundamentally from a failure of many leaders in government, business, and labor unions to appreciate the nature or to acknowledge the dimensions of the problem and to act effectively. For many years, government prosecutions of labor officials have proceeded on the implicit premise that organized crime's presence in the marketplace was limited to the influence of certain unions and the corruption of specific labor leaders.

More recent investigations and prosecutions have reflected a growing recognition of a broader influence by organized crime in the marketplace. Organized crime has brought broad based economic corruption to a number of industries, and it operates through many instruments: unions, trade associations, legitimate and illegitimate business, or all of these at once.

To be successful, an attack on organized crime in our mainstream economy can not rely solely on the enforcement of

federal criminal laws. Organized crime has established economic cartels which eliminate marketplace competition by maneuvering businesses and labor officials through a kind of ownership not recognized by the law. The Commission believes that a strategy aimed at the legitimate economic base of organized crime must build upon the recent successes of law enforcement, and must be based upon intervention measures as broad-based as the nature of the threat posed by organized crime. A strategy in this area should also rely upon civil and regulatory measures tailored to the specific problems confronted in labor and management racketeering.

The Commission's central recommendations, set out in Part I of this Section, address the current deficiencies of outlook and approach. They call on the President, acting through the Attorney General, to develop and take responsibility for a national strategy to remove organized crime from the marketplace. The Commission recommends that the strategy be developed through the use of task forces operating on an industry-by-industry basis. To implement the national plan, the Commission further recommends new directions for the Department of Justice and fundamental changes in the structure and operation of the Department of Labor, the two principal agencies charged with responsibilities involving organized crime and unions.

To supplement these major recommendations, the Commission has also developed a series of more specific recommendations

directed to the Executive and Legislative Branches. These are set out in Part II of this Section. Many recommendations call for changes, such as more detailed reporting requirements, that can be implemented and have a positive effect immediately. Their true value lies in their use as part of the overall national strategy or plan.

In Part III, the Commission calls upon the private sector to play a more significant role in ridding the market of organized crime. In brief, businesses must stop doing business with organized crime, and unions must be more aggressive in cleansing themselves of organized crime's influence.

In Part IV, the Commission calls upon the Judicial Branch to impose harsh sentences on convicted racketeers to deter organized crime's influence in labor-management affairs. Finally, in Part V, the Commission recommends that state and local governmental agencies exercise traditional powers to deprive organized crime of the license and opportunity to corrupt the economic marketplace.

The Commission may not have reached unanimity as to the substance of every one of the numerous recommendations or conclusions in this Report. It is, however, a consensus document which the Commission supports as a whole and recommends to the President.

PART I: STRUCTURAL RECOMMENDATIONS TO IMPLEMENT  
A MARKETPLACE STRATEGY

1. THE PRESIDENT, ACTING THROUGH THE ATTORNEY GENERAL, SHOULD ADOPT A NATIONAL STRATEGY TO REMOVE ORGANIZED CRIME FROM THE MARKETPLACE.

The federal government does not have a strategy for removing organized crime from the marketplace. Because organized crime operates in many ways to influence the marketing of goods and the provision of labor, its activities cut across federal agency boundaries. Developing a national strategy necessarily implies comprehensive, multi-agency planning and contrasts with the present piecemeal division of resources and accountability whereby no single person or agency has responsibility. Each agency or sub-agency pursues its own self-centered course. Consequently, a clearly articulated, realistic set of national goals has not developed and coordinated action for a larger national purpose is rarely the rule. Indeed, the need for such a goal and strategy is only now being confronted.

The objective of the national strategy recommended by the Commission is to eliminate organized crime from the marketplace and to permit the natural forces of the market, working in conjunction with the efforts of honest trade unions and businesses, to set prices and provide goods and services. To be effective, the national plan must be established by the President, acting upon the recommendations of the Attorney General. The Attorney General, in consultation with other federal officials, should then have responsibility for

development and implementation and for keeping the President informed of the success of the effort.

In developing the national strategy, the Attorney General should consult with officials from the Federal Bureau of Investigation, the Department of Labor, the National Labor Relations Board, the Internal Revenue Service, and such other agencies as may be able to provide information and counsel. A key component of the national strategy should be an industry-by-industry analysis of markets believed to be influenced by organized crime. United States Attorneys and Organized Crime Strike Forces should be charged with developing specific plans to combat organized crime in each industry. Intervention techniques, specific to that industry, should be fashioned, drawing on the full range of available civil and criminal enforcement tools.

Strategy and industry studies will not necessarily require additional manpower and resources. They will require the reallocation of existing resources to ensure they are not used in a random series of prosecutions or investigations.

Although the marketplace strategy concept is an outgrowth of recent successful prosecutions of corrupt union leaders and La Cosa Nostra members, it is an attempt to go beyond a one-dimensional approach. Success will not be measured by convictions alone. The immediate goals are jail sentences, along

with forfeiture of assets, and dismantlement of organized crime-owned businesses that are irretrievably corrupted. The national strategy will only be successful if it eliminates organized crime as a force in the nation's mainstream economy. This is the ultimate objective.

2. TASK FORCES SHOULD DEVISE AND CARRY OUT A  
PLANNED CAMPAIGN AGAINST ORGANIZED CRIME IN EACH  
INDUSTRY.

The Commission recommends that United States Attorneys and Organized Crime Strike Forces have the authority to obtain all necessary information from federal, state, and local government agencies concerning organized crime's involvement in a particular industry. Within this mandate United States Attorneys and Strike Forces should seek and expect to receive information from the IRS, FBI, DOL, NLRB, SEC, local police departments, and other governmental bodies with relevant expertise. Such information might include financial analysis and hidden ownership of specific companies; profiles of corrupt labor unions; NLRB proceedings involving certain companies or unions; SEC proceedings concerning, or filings by, certain companies; and any other information from federal, state, and local law enforcement agencies that might be necessary to meet the established goals of these task forces.

Once the nature of the industry has been studied and analyzed, United States Attorneys and Strike Forces whose

districts are particularly affected by that industry should develop a specific strategy to combat organized crime in the industry. United States Attorney's Civil Divisions should be consulted to determine appropriate and effective civil actions to augment the strategy. This strategy should set forth specific goals and the means to achieve them. The United States Attorneys or Strike Forces should then make recommendations to the Attorney General. Once a plan is approved, United States Attorneys should require the federal agencies in their jurisdictions to carry out those actions that will remove organized crime from the industry. All traditional law enforcement techniques, such as electronic surveillance, undercover operations, and grand jury investigations, should be made available through the Organized Crime Strike Forces. In addition, each United States Attorney's Office should mobilize its Civil Division to carry out appropriate civil actions as part of the strategy.

3. IN SUPPORT OF THE MARKETPLACE STRATEGY, THE DEPARTMENT OF JUSTICE MUST TAKE ON A NEW, MORE SIGNIFICANT, AND MORE AGGRESSIVE ROLE, AND IT MUST VIEW ORGANIZED CRIME'S CORRUPTION OF BUSINESSES AS SERIOUSLY AS ORGANIZED CRIME'S CORRUPTION OF UNIONS.

The Department of Justice has not been sufficiently aggressive or innovative in its efforts to remove organized crime's influence from unions and businesses. It has not committed enough existing resources to the problem or approached the task of rooting out labor-management racketeering in any systematic or coordinated fashion. Where the Department has previously been active, notably in criminal prosecutions of

corrupt labor leaders, it now should devote even greater attention to business and management corruption.

The Commission recommends that the Department make a sustained commitment of the resources of the Antitrust Division (and in appropriate cases, other Divisions of the Department) to the fight against organized crime. The Department should use the RICO statute more aggressively in civil and criminal proceedings, and it should pursue more vigorously breaches of fiduciary duty by union officers and employee benefit plan trustees. Finally, the Commission recommends that the Department treat the criminal acts of predator employers and organized crime "earner" companies as serious and as reprehensible as the illegal acts of corrupt union officials.

4. THE DEPARTMENT OF LABOR SHOULD CONSOLIDATE CRIMINAL AND CIVIL ENFORCEMENT RESPONSIBILITIES FOR OVERSIGHT OF LABOR ORGANIZATIONS AND EMPLOYEE BENEFIT PLANS.

The Commission has struggled with the question of whether the Department of Labor should continue to play a major enforcement role in overseeing union activity and benefit fund management. The Department was initially created at the request of labor groups so that labor would have a voice at the highest levels of government. The Department has been recognized for many years as a representative and an advocate on behalf of labor. Over time the Department's functions evolved and expanded to include an oversight and enforcement role, requiring the Department to police the same constituency it represents. This

dual mission - to represent and to police - has created tension, uncertainty, and an inherent conflict of interest.

The Department has also been criticized repeatedly by Congressional oversight committees for its lack of aggressive enforcement of labor laws in organized crime-influenced unions and benefit funds. The general enforcement agencies within DOL have been relatively ineffective in enforcement of the LMRDA and ERISA due to both organizational and policy deficiencies. Numerous reorganizations within the Department over the years have resulted in little appreciable improvement in effective enforcement. More importantly, reorganizations have failed to deal with a critical lack of professional enforcement leadership. For example, the position of Assistant Secretary for Labor Management Standards Administration was vacant for nearly two and one-half years from 1983 through 1985, and other critical enforcement positions have remained unfilled for similar periods of time. The handling and tracking of civil litigation by the Solicitor's Office and the lack of feedback to referring agencies, coupled with organizational, training, and policy deficiencies have affected morale and performance within various DOL agencies.

The Commission therefore recommends the DOL's responsibility to investigate and enforce criminal and civil violations of labor laws affecting unions and benefit funds under the LMRDA and ERISA be consolidated under one authority. The official charged with

responsibility for administering such authority should be possessed of professional skills and leadership and significant law enforcement experience in order to discharge his obligation fairly and vigorously. The official should be guaranteed independence in the conduct of investigations, and should be of a sufficiently high level, such as "Deputy Under Secretary for Enforcement." In order to reinforce the independence and nonpartisanship of the proposed position, the official named to the post might serve a specific term, as does the Director of the FBI and the Comptroller of the United States. This official must be required to report regularly to the President, to the Attorney General, and to the Congress on the status of racketeering influence in unions and union benefit funds. The official should be provided sufficient resources to carry out all civil and criminal responsibilities, and should be given authority to inform the Congress of resource needs. The official responsible for enforcement should be mandated to provide formal and effective cooperation with the Inspector General's Office of Labor Racketeering, the Department of Justice and its Organized Crime and Racketeering Strike Forces, the Internal Revenue Service, and with other divisions within DOL.

The Commission has concluded that the Department of Labor should continue to have an important oversight role in labor-management racketeering, but recognizes that enforcement functions must be separated from "friend-of-labor" functions and must be pursued aggressively. Reorganizations alone will not

accomplish the goal of reducing organized crime influence in the marketplace -- there must be effective leadership in policy-making and enforcement of the laws affecting labor-management relations and employee benefit plans.

PART II: SPECIFIC RECOMMENDATIONS TO PROTECT MORE  
FULLY WORKERS' RIGHTS GUARANTEED UNDER  
FEDERAL LAW

1. CONGRESS SHOULD AMEND THE LABOR-MANAGEMENT  
RELATIONS ACT:

- A. TO MAKE IT AN UNFAIR LABOR PRACTICE FOR A LABOR ORGANIZATION TO BE DOMINATED BY ORGANIZED CRIME. ADDITIONALLY, IT SHOULD BE AN UNFAIR LABOR PRACTICE FOR ANY EMPLOYER TO ENCOURAGE OR ASSIST ORGANIZED CRIME IN THE DOMINATION OF A LABOR ORGANIZATION.

The National Labor Relations Board could fulfill its role better if new unfair labor practices and special remedies for such violations are added to the National Labor-Management Relations Act. The first practice would make participation in the conduct of the affairs of a labor organization through a pattern of racketeering activity an unfair labor practice. The second would make it an unfair labor practice for any person through a pattern of racketeering activity to acquire or maintain control of a labor organization. Finally, it would be an unfair labor practice for an employer to recognize or bargain collectively with a labor organization that is in violation of the previous unfair labor practices.

Procedurally, these unfair labor practice cases should be processed under the existing NLRB mechanism of review by the General Counsel, Administrative Law Judges, and the National Labor Relations Board. Because the NLRB has a limited ability to investigate organized crime, the resources of the Justice Department and other government agencies should be made available

to assist. Under the Commission's proposed legislation the Attorney General of the United States would be the "charging party", who lodges the initial complaint with the NLRB's Counsel. This administrative combination of the NLRB, the NLRB General Counsel, who has authority independent of the Board, and the Attorney General should be sufficient to provide checks against unwise or political uses of these new amendments.

This proposed authorization of duties to the Attorney General departs from the Board's usual practice, where the charging party is a union, business, or worker. Although there are cases where employers have sought to be relieved of their duty to bargain with a labor organization because it was dominated by organized crime, we believe that the Attorney General alone should be given the power to make such a charge. Since the Attorney General is supported in the Organized Crime Strike Forces by the FBI and DOL's Office of Labor Racketeering, these new unfair labor practices cases will be well supported with existing investigative and legal resources.

In addition to approving the initial charge the Attorney General's role will be to designate such attorneys and agents as will be necessary to assist the NLRB's General Counsel in presenting the case before an NLRB Administrative Law Judge. These complaints should have a high priority at the NLRB.

While the legislation creating the new unfair labor practices is instructive, the NLRB may also wish to develop interpretive rules to define specifically what constitutes proof of organized crime domination and the procedures to follow before and after such a finding. Upon a finding that a labor organization has been dominated by organized crime, the NLRB should order such actions as necessary to remove the influence of organized crime, including, decertification of the existing labor organization in situations where no feasible alternative exists to remove the domination of organized crime. In such an extreme case, the NLRB should appoint a trustee-conservator to preserve the assets of the decertified union and represent the employees. Employees in the newly decertified union should then be permitted to vote and decide if they wish to be represented by a labor organization, and if so, by which one. The only restriction on the employees' choice should be that the offending organization, and any individual named in the Attorney General's charge for whom a specific factual finding of organized crime involvement is made, should be barred from being an officer, employee or consultant of any successor labor organization, sanctioned by the NLRB process, for a period of as long as 10 years.

The conduct of the subsequent election will be crucial. Organized crime's terrorization, violence and threats should not allow the Board's sanctions to be undone. The election will require vigilance by the NLRB, DOL and other investigative

agencies to ensure that it is conducted in a climate that allows workers to exercise freely their rights to bargain collectively.

The Commission recommends that settlement powers with regard to these proposed unfair labor practice cases be vested in the NLRB General Counsel, but only exercised with the consent of the charging party, the Attorney General. Finally, the Commission encourages any international union to place locals charged with violating these unfair labor practices under trusteeship. In those instances where the international is itself dominated by organized crime - such as the IBT, LIUNA, ILA and HEREIU - the Attorney General should provide the NLRB General Counsel with the information necessary to find that trusteeship by the international merely would substitute one group of organized crime-dominated leaders for another. (See Appendix.)

B. TO ENACT A LABOR-BRIBERY STATUTE, WHICH WILL MAKE THE PURCHASE OF A UNION OR A UNION OFFICE, AND SELLING THE RIGHT TO OBTAIN UNION WORK, UNLAWFUL.

Federal law prohibits employers from bribing union officers. However, where an unlawful purchase of a union does not include the employer, new law is needed to make the purchasing and selling of unions, union officers, union membership, or the right to obtain work a criminal offense. Because there is no single clear prohibition against these practices in federal law, only accidental and peripheral acts can determine whether such an action may be prosecuted. For example, selling union memberships by using the telephone may allow prosecution under the wire fraud

statute, while selling such memberships at a face-to-face meeting does not provide the same prosecutorial opportunity. In short, selling a union, union office, union membership, or the right to work is unlawful, but these criminal activities present prosecutors with unnecessary technical difficulties in proving the case.

A more direct solution is to codify the law to make selling or buying a union, union office, union membership, or the right to work unlawful. (See Appendix.)

2. CONGRESS SHOULD AMEND THE LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT:

A. TO INCREASE THE PENALTY FOR A DEPRIVATION OF RIGHTS BY VIOLENCE TO A FELONY OFFENSE.

The Commission has documented numerous examples of violence directed at union officers and members who dissent from the autocratic rule of organized crime-dominated unions. This violence is greatest in those industries where organized crime has established a substantial presence, such as transportation and construction. There is a clear relationship between the use of force, lack of democracy, and organized crime's control. Union membership will not criticize business agents at union meetings if the price may be a physical beating or denial of access to the hiring hall. Current law provides little

opportunity to use criminal sanctions to deter interference with the free exercise of individual rights.

In the 26 years since enactment of the Deprivation of Rights by Violence statute, 29 U.S.C. §530, the Department of Justice has brought only a handful of prosecutions. Conviction under the statute only carries the penalty of a misdemeanor. As a result, a convicted individual cannot be barred from holding a union office. Because of these shortcomings, federal investigations have often been deferred to state authorities for prosecution.

Another reason the Deprivation of Rights by Violence statute has not been used is because of its unnecessarily difficult proof requirements. The deprivation statute requires that an offending person must have the specific intent of performing the violence "for the purpose of interferring" with another person's rights as a union member.

The Department of Justice's restraint in using the Deprivation of Rights by Violence statute proves clear evidence that federal jurisdiction has been invoked in this area only in the most serious cases. Therefore, the Commission recommends that the penalty for violation of the Deprivation of Rights by Violence statute be increased to a felony offense. (See Appendix.)

B. TO GIVE THE SECRETARY OF LABOR AUTHORITY TO ACT  
ON BEHALF OF UNION MEMBERS WHEN OFFICERS BREACH  
FIDUCIARY OBLIGATIONS

Under Title V of the Landrum-Griffin Act, the fiduciary obligation of union officers in dealing with union assets is enforced primarily by reliance on rank-and-file members. Part 501(b) of the LMRDA provides that when any officer violates his duties as proscribed in § 501(a), and the union fails to sue, an individual member of the union may sue on its behalf. The absence of any express authority for DOL to investigate, and when warranted, to institute civil actions to enforce the requirement of § 501(a), particularly as to the legitimacy of large legal and professional fees involving pension funds, is a shortcoming in the current statutory framework.

The statutory reliance on rank-and-file union members to prosecute breaches of their officers fiduciary obligations is largely ineffective. Such suits require a commitment of funds and legal expertise that is difficult for the membership to provide, especially in a climate of fear and violence.

The Secretary of Labor should be allowed to proceed civilly against such fiduciary breaches. The Commission believes this action will benefit labor organizations because it will provide the Secretary with an expanded choice of proceeding civilly or criminally, while current law allows DOL to proceed with criminal action only. Finally, ERISA permits both union members and DOL

to proceed civilly for breaches of fiduciary obligations against benefit funds. We can discern no policy basis to distinguish between the provision to allow DOL to intervene civilly under ERISA, but not under the LMRDA. (See Appendix.)

C. TO MAKE DELINQUENT AND FALSE REPORTING  
OF UNION ACTIVITIES A FELONY.

Under present law, the criminal offense of willfully violating the reporting requirement provisions of the LMRDA, or of knowingly making a false statement in a report required by the Act, is a misdemeanor. Likewise, a person who conceals or destroys records required to be kept under the LMRDA is guilty of only a misdemeanor. These penalties are not severe enough to provide an incentive to labor organizations to file timely reports.

In contrast, any person who makes a false statement, or makes use of a false writing or document, in any matter within the jurisdiction of any department or agency of the Government, is guilty of a felony punishable by a fine of not more than \$10,000 or imprisonment of not more than five years, or both. There is no apparent reason for the distinction in penalty provisions of the two statutes, and the deterrence rationale of Section 439 of the LMRDA would be better served by punishing violations as a felony. (See Appendix.)

- D. TO REQUIRE THAT ANY CHANGE OF INFORMATION REPORTED IN ANNUAL REPORTS RELATIVE TO THE NAME AND TITLE OF EACH LABOR ORGANIZATION'S OFFICERS BE REPORTED WITHIN 30 DAYS OF THAT CHANGE.

Current reporting forms can become outdated regarding the identity of union officers, if vacancies on executive boards or in individual offices occur during the fiscal year. Under present regulations annual reports must be filed within 90 days after the end of the labor organization's fiscal year, with no requirement to amend information during the fiscal year in the event of change in union officers. As demonstrated in the cases of some independent unions, powerful officers, who pack union offices and executive boards with relatives and cronies, can effectively run union affairs as a private entrepreneurship, while investigators grope to ascertain the identities of union office holders who have replaced the individuals listed on the previous fiscal year annual report. (See Appendix.)

3. CONGRESS SHOULD AMEND THE FEDERAL ANTI-EXTORTION STATUTE (HOBBS ACT) TO AUTHORIZE PROSECUTIONS FOR THE ACTUAL OR THREATENED USE OF VIOLENCE, IRRESPECTIVE OF WHETHER SUCH CONDUCT IS IN FURTHERANCE OF A LEGITIMATE LABOR OBJECTIVE.

In 1973 in United States v. Enmons, a Hobbs Act prosecution for violent conduct during the course of a labor dispute, a closely divided Supreme Court held that the Hobbs Act did not reach all violence but only violence that is "wrongful" in the sense that the extortionist did not have a lawful claim to the property he sought to obtain. Under this interpretation the

Hobbs Act does not reach the actual or threatened use of violence directed at obtaining "legitimate labor objectives" or economic benefits that can otherwise be lawfully obtained by collective bargaining. As a result of Enmons the Hobbs Act does not reach extortion, however violent, in those instances where the union can claim that its demand for property is a "legitimate union activity."

The Commission rejects the view that such violence should be exempted from the scope of federal prosecutive authority.

During hearings before the Committee on the Judiciary of the United States Senate on proposed Hobbs Act revisions in 1984, the FBI's Deputy Assistant Director of Criminal Investigations, Floyd I. Clark, testified about the impact of Enmons on federal law enforcement:

The increased demands for the employer to pay money to the union or to its associated funds provides the organized crime figure with an increased power or financial base, which can be used by the organized crime figures who might have access to those union funds through embezzlement. . . And they provide jobs to organized crime figures despite the fact that they do not work. . . sometimes referred to as 'no shows'. . . In many instances, the union official extorts the employer for alleged legitimate union demands and then through some of his previously described methods uses these payments for his own personal benefit.

Under Enmons the result has been that the Hobbs Act provides a loophole that allows organized crime figures to obtain, under the guise of legitimate union activities, person gains through the extortion of employees. Beyond this a union, under the direction of organized crime associates, could be used to commit violent acts against a nonunion business competitor. The organize crime-dominated union could claim that the violence took place in pursuit of a legitimate, non-prosecutable labor objective such as a union organizing effort, when the actual purpose was to eliminate unwanted business competition for the syndicate. In such a case, the government would find it virtually impossible to prove the absence of a legitimate goal, i.e. union organizing, that is protected under Enmons.

Enmons does not, of course, preclude charging racketeers under other federal laws, but it does leave an unnecessary and unwelcome gap in federal law. In some cases there may be no interstate nexus to provide federal jurisdiction. Federal prosecutors must then defer to prosecutions under state law, where penalties may be more lenient than those provided under the Hobbs Act. In isolated cases local prosecutors may hesitate to file charges against powerful union or business leaders in their local community. There is a strong federal interest, recognized by Congress, which would be served by the Commission's proposed revision of the Hobbs Act. The possibility of federal prosecution ensures that organized crime cases in the labor area will, in fact, be investigated. (See Appendix.)

4. TO SUPPORT THE USE OF ANTITRUST LAWS AGAINST ORGANIZED CRIME, CONGRESS SHOULD AMEND TITLE III OF THE OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968 TO INCLUDE CERTAIN ANTITRUST OFFENSES AS PREDICATE OFFENSES FOR ELECTRONIC SURVEILLANCE.

The Commission recommends that Title III of the Omnibus Crime Control and Safe Streets Act of 1968 be amended to allow Federal authorities to intercept lawfully wire or oral communications involving certain specific violations of the federal antitrust laws, particularly Sections 1-3 of the Sherman Act. Such an amendment would allow investigative agencies to conduct electronic surveillance of organized crime groups engaging in antitrust offenses. Electronic surveillance is the only realistic method through which the evidence of these offenses can be obtained.

The Department of Justice should commit the resources of the Antitrust Division to the fight against organized crime. This division with hundreds of attorneys located throughout the country, has not prosecuted an antitrust case involving organized crime within the past ten years. In discussions with the staff of the Commission, the Antitrust Division has expressed a willingness to participate with United States Attorneys and Organized Crime Strike Forces in investigations and prosecutions designed to break up mob monopolies.

The expertise of the Division in antitrust matters is essential to the success of the marketplace strategy.

Investigative agencies, particularly the FBI, and prosecutorial units of the Justice Department, including United States Attorneys, the Criminal Division and Organized Crime Strike Force Units, should inform the Antitrust Division of any case involving organized crime in which the developing fact pattern suggests that antitrust laws have been violated. This notification should occur at an early enough stage so that the Antitrust Division will be able to make a meaningful and significant contribution in case development.

Of course, this recommendation presupposes that personnel in the Criminal Division, the U. S. Attorney Offices, FBI and other federal enforcement agencies will have received enough training to recognize that the organized criminal activity they are investigating implicates the antitrust laws. For this reason, the Commission further recommends that the Antitrust Division make a concerted effort to educate other prosecutors and investigative agents on how to develop organized crime antitrust prosecutions. For example, seminars on the antitrust laws and their potential relevance for investigative and prosecutive personnel would help to assure these concepts are used against organized crime.

The Commission recognizes that the current antitrust laws carry a maximum sentence of incarceration of only three years. Monetary fines of \$1 million may be imposed in the case of a convicted corporate defendant; \$100,000 in the case of an

individual. However, the ability to seek equitable relief under Section 4 of the Sherman Act to prevent and restrain violations of the Sherman Act would make the use of the federal antitrust laws very helpful in the effort to eliminate organized crime influence in the marketplace.

5. THE DEPARTMENT OF LABOR SHOULD MAKE A NUMBER OF CHANGES TO SUPPORT THE MARKETPLACE STRATEGY.
  - A. LABOR ORGANIZATION ANNUAL REPORTS SHOULD BE COMPUTERIZED AND MADE ACCESSIBLE TO FIELD OFFICES, AND AMENDED TO DISCLOSE NEEDED INFORMATION.

Annual Reports filed by unions are not readily accessible to investigating field offices, especially when labor organizations are delinquent in filing reports. The Department of Labor should computerize annual financial reports of labor organizations and make on-line copies available to the field offices of all agencies that have jurisdiction over record-keeping and reporting provisions of the LMRDA.

Annual financial reports filed by labor unions should be amended to disclose the following information:

- o Whether any officers or employees of a labor organization are employed, hold office, or hold a position of trust with respect to an employee benefit plan or any other labor organization required to file annual reports under the LMRDA; and

if so, the salary received by such person in any and all such offices, employment, or positions of trust.

o A brief description of functions, duties, or responsibilities of such person employed in a multiple capacity by more than one labor organization or employee benefit plan.

o The number of hours of employment devoted to each office, or position of trust, and the percentage of such person's working time devoted to a particular position as a function of such person's total working hours during the fiscal year for which the report is filed.

o The date of birth and social security number of each officer listed on the annual financial report, and a declaration of whether any officer listed has ever been convicted of any offense enumerated in Section 504 of the LMRDA, 29 U.S.C. §504.

o Whether or not any officer or employee of a labor organization has had any criminal fines or related fees for legal defense of offenses under the LMRDA paid for or advanced by such labor organization.

B. THE SECRETARY OF LABOR SHOULD DEVELOP INTERNAL GUIDELINES FOR DEPARTMENT OF LABOR AUDITORS TO DETERMINE WHAT RANGE OF ADMINISTRATIVE EXPENSES, FEES, OR COMMISSIONS CHARGEABLE TO AN EMPLOYEE BENEFIT PLAN ARE REASONABLE.

The Department of Labor has no internal guidelines to determine when administrative expenses of a fund are excessive. As demonstrated in the case of the Central States Joint Board Health and Welfare Trust Fund, administrative expenses of an employee benefit fund can be substantial, and in many cases, excessive. Department of Labor auditors currently have no internal guidelines to determine when administrative expenses of a particular fund are excessive, to the extent that payment of such expenses do not inure to the benefit of plan participants.

A number of factors may affect the percentage of a plan's assets that are devoted to administrative expenses; for example, newly established funds, or funds that contract with a new service provider, might be expected to have increased start-up expenses, while large funds might routinely pay a lower percentage of administrative expenses due to the sheer volume of claims handled by its service provider. Experienced fund administrators, however, have opined that administrative expenses can be maintained within certain reasonable guidelines, and that any percentage of a fund's assets obligated for payment of administrative expenses beyond such a range can be characterized as excessive.

- C. THE DEPARTMENT OF LABOR SHOULD CONDUCT MORE FREQUENT ON-SITE EXAMINATIONS AND AUDITS OF EMPLOYEE BENEFIT PLANS.

Benefit funds are largely unregulated. There is a need for periodic and unannounced on-site examination of funds. The Commission recommends that DOL create specific trigger mechanisms for on-site examinations. Unusually large changes in a portfolio mix or an unusual low rate of return on investment of assets, as measured against an index, can be used as indicators to trigger an audit. Another trigger could be failure to achieve minimum standards for timely processing of claims.

When administrative expenses, fees or commissions chargeable to an employee benefit plan by a service provider or contract administrator are determined to be excessive or unreasonable, the Secretary of Labor should conduct an on-site audit of the affected employee benefit plan. When such an audit is performed, Department of Labor auditors should be permitted to subpoena records of any contractor, subcontractor or service provider of the employee benefit plan. Any obstruction of a Department of Labor audit should be prosecuted as a crime, punishable by fine and/or imprisonment.

**D. THE DEPARTMENT OF LABOR SHOULD REQUIRE ALL MULTI-EMPLOYER BENEFIT FUNDS TO AUDIT THE DATA SUPPLIED BY CONSTITUENT COMPANIES.**

Companies in multi-employer pension funds are responsible to pay the fund monies at established rates per worker. If companies do not report these figures accurately, the union is contractually permitted to strike and take other actions to require employers to pay the expected amount. The Commission's

investigation disclosed that under-reporting by companies cost multi-employer pension plans millions of dollars. In the 1960's and 1970's, for example, the IBT Central States Pension Fund was repeatedly victimized by the cooperation between organized crime-dominated union locals and corrupt corporations.

Multi-employer funds depend for their contribution income solely on employers; and, therefore, the accuracy of employer contributions is crucial to a fund's financial health. The Commission recommends that multi-employer funds be required to maintain a qualified independent field audit staff, in a proportion to the fund's contribution level and number of contributing employers, to audit contributing employers each year. Such audits should be divided between random audits and audits triggered by mechanisms established by the fund to spotlight potential problems.

- E. THE ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN, FORM 5500, SHOULD REQUIRE INFORMATION REGARDING SERVICE PROVIDERS, AND SHOULD BE COMPUTERIZED AND MADE ACCESSIBLE TO FIELD OFFICES.

The lack of information provided on Form 5500 regarding subcontractors or benefit plan service providers leaves investigators with little recourse other than to rely on grand jury subpoena authority to determine the existence and extent of benefit fund abuse, a process that frequently demands great expenditure of time and other resources, and lends itself to obstruction and delay.

The Commission recommends that the Secretary of Labor require benefit plan administrators to furnish the following information regarding service providers that is not currently required to be included in annual reports:

- o names of persons who receive compensation from the plan, through any and all subcontractors who receive compensation from the plan, for services rendered to the plan or its participants;

- o the amount of such subcontractor's compensation and the nature of his services to the plan or its participants;

- o the relationship of the subcontractor to any contract administrator, service provider, employer, or employee covered by the plan, or the employee organization, and any other office, position, or employment the subcontractor holds with any party in interest.

- o the name, address, date of birth (if an individual), and record of criminal conviction of each fiduciary, contract administrator, and/or service provider company or key employees thereof.

The Commission further recommends that DOL computerize annual reports of employee benefit plans and make on-line copies

available to field offices of agencies that have jurisdiction over provisions of ERISA.

F. MULTI-EMPLOYER BENEFIT FUNDS SHOULD ENGAGE PROFESSIONAL ASSET MANAGERS, INDEPENDENT OF THE FUND, TO ASSIST THEM IN FULFILLING THEIR FIDUCIARY OBLIGATIONS.

The obligation of trustees of an employee benefit plan in investing a plan's assets is analyzed under common law principles of trusts "bearing in mind the special nature and purpose of employee benefit plans."

Where a trustee does not possess the education, experience, and skill required to make an informed decision concerning the investment of a plan's assets, that trustee has an affirmative duty to seek independent counsel in making such decisions. Courts have held that the failure to seek outside counsel when a prudent man would seek expert advice is a violation of ERISA. The conduct of a trustee in making an independent investigation is an indication of the care and diligence of the trustee in arriving at an investment decision. A trustee unfamiliar with an unusual or difficult investment decision is charged with making an independent inquiry into the merits of particular investments rather than relying wholly upon the advice of others.

Due to the growing complexity of operating benefit funds, trustees and fiduciaries are well advised to hire independent, professional asset managers to operate their funds on a day-to-day basis.

While the cost of hiring professional assistance may appear prohibitive, the initial expense diminishes when the cost of damaging practices in the absence of such professional management is considered. George Lehr, director of the IBT Central States Pension Fund, attributes much of the success in uprooting organized crime influence from that Fund to the decision to rely upon professional asset managers.

Where a fund is too small to justify hiring an outside asset manager, such plans at a minimum should obtain outside asset management advice. Finally, DOL should promulgate standards so that the size of the asset management company to be hired is such that a fund's assets will not be so great a percentage of the asset company's business as to jeopardize the independence of the asset manager who might otherwise not assert independent judgment for fear of losing business.

**G. THE DEPARTMENT OF LABOR SHOULD AGGRESSIVELY INVESTIGATE UNLAWFUL PAYMENTS OF ATTORNEYS' FEES.**

Information concerning the payment of criminal fines or advancement of legal defense fees on behalf of union officers is not requested on current annual reporting forms. The payment of

an individual officer's criminal fines from union treasuries is illegal, and advancement of an individual officer's legal fees is improper under present law until such time as the officer-defendant is acquitted. However, union members have little recourse other than complex and potentially dangerous inquiries into a union's financial affairs to determine if a union is authorizing improper expenditures on behalf of its individual officers.

The Secretary of Labor is required to investigate and provide the Justice Department with information regarding failures of union officers to perform their fiduciary obligations. Greater efforts must be made to insure that union and benefit fund treasuries are not looted through the payment of attorney fees for the defense of officers and trustees accused of defrauding a union. When alleged acts are not within the aims and purposes of labor unions, and where the interests of a union and its officers in the outcome of the case are adverse or at least divergent, the Department of Labor should approach the advancement of legal fees by the union on behalf of officers as potential embezzlement or conversion. During every prosecution of union officers, benefit fund trustees, and employees, and in the aftermath of such cases, investigators should make a careful assessment of the source of funds used for legal defense. Action should be taken against the perpetrators to recover funds embezzled in this manner. (See legislative and private sector recommendations.)

- H. THE SECRETARY OF LABOR SHOULD PUBLISH THE NAMES OF SERVICE PROVIDERS WHO CHARGE EXCESSIVE ADMINISTRATIVE FEES, AND SHOULD PROMULGATE REGULATIONS THAT DECLARE BENEFIT FUND TRANSACTIONS WITH SUCH SERVICE PROVIDERS PER SE VIOLATIONS OF FIDUCIARY TRUST.

After the Department of Labor has developed internal guidelines regarding the reasonableness of administrative fees charged by service providers to employee benefit plans, the Secretary of Labor should publish a list of service providers whose fees are not within the department's guidelines. Fiduciaries of benefit plans who enter into contractual relationships with such service providers should be liable to the plan for a breach of fiduciary duty for failure to meet the standards of a prudent, reasonable trustee.

6. THE DEPARTMENT OF LABOR SHOULD AMEND GUIDELINES PROMULGATED PURSUANT TO ITS LANDRUM-GRIFFIN ACT AUTHORITY TO THE EXTENT THE GUIDELINES MAY INHIBIT MEMBERSHIP EFFORTS AGAINST ORGANIZED CRIME.

- A. SECRET BALLOTS AND VOTING FOR UNION DELEGATES SHOULD BE REQUIRED.

Section 401(a) of LMRDA specifies that union officers can be elected only "by secret ballot among the members in good standing or at a convention of delegates chosen by a secret ballot."

Internal DOL documents show that the IBT's method of electing convention delegates fails to meet the LMRDA standards. One DOL official, charged with evaluating such union election

issues, wrote to his superiors in 1981 that the IBT interpretation was unlawful:

[S]ooner or later the DOL is going to have to square the Teamster selection procedure with its [DOL's] interpretive regulations.

\* \* \*

Quite frankly, given the notoriety of the IBT, I think they would get very little if any sympathy in court, even with DOL support, if this issue was properly brought to a court's attention.

\* \* \*

The viability of the option of giving just one more "freebie" [to the IBT] appears to be evaporating.

Nonetheless, after subsequent meetings with Teamster officials, DOL again ruled in favor of the Hoffa-created, and DOL-approved, procedures.

It is reasonable that a limited number of union officers be granted ex-officio delegate status and that permitting this is certainly within the scope of DOL's discretion and authority, but current practice has defied the intent of the law. The Commission recommends that union members have the right to vote for delegates to their union's convention.

#### B. ELECTION ABUSE STANDARDS.

LMRDA requires that the Secretary of Labor seek to set aside union elections that violate clearly established standards of conduct prescribed by law. For example, destruction of ballots, violence, threats, and intimidation of union members to coerce

votes or to keep members away from the polls, violate the prescribed standards of conduct. Under such circumstances, the Secretary has the power to file suit in United States District Court to set aside the illegal election, to receive authorization to conduct new elections, to remove the officers illegally elected, and to protect the assets of the labor organization. LMRDA requires that the Secretary prove, by a preponderance of the evidence, that the election violation "may have affected the outcome of an election."

DOL has interpreted this provision to require union members petitioning the Secretary to prove that the complained-of events affected the outcome of the election. The Commission recommends that DOL should more liberally construe the "may have affected" standard, particularly where DOL knows of an organized crime relationship to a particular local. This is especially true where the impact of an act by organized crime is not easily quantifiable. Under such circumstances DOL should be vigilant in its activities.

The Commission recommends that the Secretary of Labor should seek a legislative reversal of the Supreme Court's decision in Hodgson v. Local Union 6799, Steelworkers Union of America, 403 U.S. 333 (1971). Hodgson held that the Secretary's complaint concerning union elections, pursuant to Section 482(b), cannot include violations discovered by the Secretary, of which the member may have known, but failed to include in his initial

complaint to the union and to the Secretary. The Secretary should have broad authority to investigate all aspects of the union's election mechanism, when the worker's complaint has merit.

7. THE INTERNAL REVENUE SERVICE SHOULD TAILOR ITS CIVIL AND CRIMINAL ENFORCEMENT POLICIES TO SUPPORT THE MARKETPLACE STRATEGY.

A. PAYMENT OF EXCESSIVE SALARIES REQUIRED BY COLLECTIVE BARGAINING AGREEMENTS SHOULD BE DISALLOWED.

The Commission has noted a tendency in industries infiltrated by organized crime to mask payoffs as salaries paid under the terms of existing collective bargaining agreements. Employers are free in the collective bargaining process to negotiate for and pay reasonable wages to employees, even if they are union officials, as long as the amounts paid are "reasonable wages." Under the Internal Revenue Code and existing IRS regulations, employers and businesses are entitled to deduct, in the computation of their taxable income, a reasonable allowance for salaries and compensation for services actually rendered. If extortionate payments are tax deductible, business victims may be more willing to pay. The effect of allowing deductions of excessive payments ultimately funnelled to organized crime or paid directly to its corrupt union front men makes the American taxpayer an unwilling subsidizer of the racketeering process. Disallowing such deductions should reduce the use of the "contract payoff" as a means to channel payoffs to organized crime, and should further sharpen the focus of enforcement

resources on the "predatory employer," the source of much of organized crime's income from legitimate commerce.

Therefore, the Commission recommends that, in industries where organized crime exerts a strong economic influence, the Internal Revenue Service should disallow, for civil tax purposes, the deduction of unreasonable payments called for by collective bargaining agreements. Finally, the Internal Revenue Service should investigate and refer for criminal tax evasion prosecution, the mob's "earner" companies and predatory employers, and their principals, who use the collective bargaining process and income tax deductions as a means to generate tribute to organized crime.

**B. THE IRS SHOULD MAKE THE PROCESSING OF ANNUAL REPORTS OF EMPLOYEE BENEFIT PLANS A HIGHER PRIORITY.**

Currently, the IRS takes approximately 18 months to process and analyze Annual Reports of Employee Benefit Plans. DOL and IRS depend on the information in those reports for a range of administrative and investigative activities. For IRS to delay the processing of the information for this period before returning it to DOL exhausts fully half of the three-year statute-of-limitations for certain ERISA offenses. When IRS or DOL review these forms and other data supplied by benefit funds they may realize that a violation of fiduciary obligations has occurred, which could lead to a discontinuation of the fund's tax exempt status. Therefore, the Commission recommends that IRS

more efficiently review ERISA annual reports for criminal and civil violations in close coordination with DOL.

8. THE SECURITIES AND EXCHANGE COMMISSION SHOULD REQUIRE ADDITIONAL DISCLOSURE IN FILINGS.

To make public financing more difficult for organized crime-controlled businesses, the Commission recommends that the SEC use its regulatory authority to require that all filings by businesses contain greater disclosure of convictions sustained by key employees, officers, and members of corporate boards of directors. Currently, SEC Regulation S-K, which generally governs business disclosures, requires disclosure of legal proceedings, including whether such individuals were convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses). However, the regulation only requires disclosure for the last five years. The Commission recommends that disclosure of legal proceedings be extended to at least 10 years to provide adequate notice to investors and government agencies as to the background of corporate officials.

The net result of these simple regulatory changes will be to hamper severely the ability of organized crime figures to be "up front" in businesses because market forces and government scrutiny will make it too expensive and dangerous.

Under its existing authority the SEC can also take the initiative in reviewing the securities submissions of those companies that law enforcement or the SEC believes may have some connection to organized crime. The SEC should take the lead in challenging the companies owned or controlled by organized crime to abide by the legal standard of disclosing all material facts that investors should know -- including potential hidden ownerships, interests, and the activities of corporate employees or officers as members of racketeering enterprises.

### PART III: THE PRIVATE SECTOR

#### 1. THE LABOR MOVEMENT SHOULD ACTIVELY SEEK TO ERADICATE UNIONS OF ORGANIZED CRIME'S INFLUENCE.

The AFL-CIO has long recognized the dangers presented by the infiltration of organized crime into the labor movement. However, existing AFL-CIO Codes of Ethical Practices have not been applied to current problems in several AFL-CIO member unions including LIUNA and HEREIU, whose Presidents are members of the AFL-CIO Executive Council. Firm, consistent action by the AFL-CIO, which is permitted by its constitution, acting as a complement to the work of law enforcement, and to the voting rights of individual union members, should be used against organized crime dominated or influenced unions. Failure to act against organized crime weakens the moral underpinning of the labor movement's right to represent working men and women.

In addition to taking action against unions identified in trials, congressional hearings, and other public record proceedings as being controlled or influenced by organized crime, the AFL-CIO could adopt mechanisms to institutionalize its commitment against organized crime. The Executive Council should consider requiring that affiliated unions file annual reports to a revitalized AFL-CIO Committee on Ethical Practices. These reports might contain, at a minimum, the following information:

- o A statement of the measures taken to prevent, detect, and report violations of the AFL-CIO Codes of Ethical Practices.
  
- o A summary of all convictions, indictments, and administrative and civil actions that allege dishonesty or corruption of union officers, fund trustees, employees, consultants and service providers of the affiliate and subordinate bodies thereof.

The AFL-CIO Executive Council should also consider adopting an array of sanctions, including the sole current remedy of expulsion. These could be imposed in the event that an affiliate union, or subordinate union body, fails to comply with recommendations or directions from the Executive Council that are intended to remedy an unethical practice.

The AFL-CIO Committee on Ethical Practices should consider commencing preliminary inquiries or investigations where there is reason to believe that organized crime dominates, controls or substantially influences an affiliate or subordinate union body, or that a person commonly known to be a racketeer or member of organized crime holds or retains office or appointed position with any such labor organization.

The AFL-CIO Committee on Ethical Practices should consider adopting and publishing standards relating to the administration of affiliate pension, welfare, and other trust funds, which define the maximum permissible cost of administrative expenses to be incurred in the operation of such funds.

The AFL-CIO Committee on Ethical Practices should consider adopting a statement of policy, which declares unethical the payment to or receipt of excessive salaries by a union official from two or more affiliate international and subordinate unions.

The AFL-CIO Committee on Ethical Practices should consider adopting a statement of policy, which declares that the results of its investigations will be forwarded to the appropriate government agencies, including law enforcement agencies, when possible criminal conduct is uncovered.

Finally, the AFL-CIO Committee on Ethical Practices should consider meeting on a regular basis and should consider choosing a third of its membership from outside the labor movement.

The annual report of the AFL-CIO should summarize the work of the Committee on Ethical Practices, including findings of violations of the Code of Ethical Practices.

Those unions that are not members of the AFL-CIO should establish similar internal controls. All labor unions and benefit trust funds should recognize their fiduciary obligation, not only to prevent overt theft and embezzlement, but also to recoup stolen funds and illgotten gains from all responsible parties. Whenever appropriate, the treble damage provisions of the civil RICO statute should be used. The nature and measure of damages will vary, but they will often include payoffs made or received, lost benefits and wages, trust fund contributions withheld, and other consequential damages.

Honest trade unionists should not concede to organized crime employees who are held captive in "paper locals" or who are subject to "desk drawer" or "white paper" contracts formulated by organized crime-controlled trade associations or other corrupt entities. Rather, legitimate labor organizations should make every effort to organize and represent those employees.

Finally, union members should actively participate in their unions. There is no greater safeguard against organized crime takeover than an active, concerned membership.

2. CORPORATIONS SHOULD STOP DOING BUSINESS WITH ORGANIZED CRIME AND ADOPT AND ENFORCE AN APPROPRIATE CODE OF CONDUCT AGAINST INTENTIONALLY DOING BUSINESS WITH IT.

The Commission believes that the business community needs to take action to insulate itself, to the maximum extent possible, from organized crime enterprises. While the business community, like the AFL-CIO, is neither a substitute for, nor a component of, the law enforcement community, corporate leadership must take a public stand that it will not intentionally deal with organized crime or aid and abet it in any way.

The Commission therefore recommends that all companies formally adopt, and conduct their affairs in accordance with a code of ethical practices designed to reduce substantially the risk of influence or domination by organized crime. Such a code should include the following principles and policies:

- o The company should require every officer, director, and employee of the company to observe and follow rigorously the highest ethical standards in the conduct of their affairs.

- o The company should not hire or retain any person as an officer, director, or employee who is known or is reasonably

suspected to be (or to have been) engaged in repeated serious violations of the law.

o The company should not initiate or continue any contractual or other business arrangement with any individual or company (including service providers and vendors) who is reasonably suspected to be (or to have been) engaged in repeated serious violations of law. In any situation where the company knows, or reasonably suspects, that an individual or company with which it has current business arrangements has engaged in such violations, it will terminate its relationship with that individual or company as soon as contractual or other legal obligations permit.

o The company should not approve, sanction, or ratify the payment of bribes, kickbacks, or extorted payments by or to any officer, director, or employee of the company, even if made or accepted to further the company's legitimate commercial activities. In any situation where the company knows or reasonably suspects that such bribes, kickbacks, or extorted payments are being made or accepted, and that they may be in violation of the law, it should immediately notify all appropriate government agencies (including law enforcement agencies) of all relevant facts.

o The company should, in appropriate cases, establish an Executive Working Group, composed in part of senior

representatives of the company's legal department or outside counsel, that has full authority to conduct an internal investigation of any situation in which there is reason to believe that any employee of the company, or any individual or company with which the company has business dealings, may have engaged in repeated violations of the law.

In any situation where the Executive Working Group knows or reasonably suspects, on the basis of its investigations, that certain actions revealed in the course of its investigations may violate the law, the company should immediately notify all appropriate government agencies (including law enforcement agencies) of all relevant facts.

o The company should require all heads of departments to file annual reports concerning compliance with its code of ethical practices. Such reports should contain, at a minimum, the following information:

- A statement of the measures that the department has taken to prevent, detect, and report violations of the code; and

- A summary of all findings made by the department in the exercise of due diligence, concerning possible violations of law by officers, directors, and employees of the company, or by individuals and companies with which the company has business

dealings, that may reflect adversely on the integrity or financial stability of the company.

o In any situation where the company knows that an officer, director, or employee of the company has been summoned to provide testimony or produce information before any court or governmental agency empowered to receive evidence, and the person has declined to provide testimony or produce information reasonably relating to any part of the company's business affairs on the basis of the privilege against compulsory self-incrimination, the company should investigate underlying facts and circumstances to determine whether corporate officers or employers have committed criminal acts which implicate the company.

Such industry codes, if widely adopted, will clearly indicate to the public that businesses have assumed responsibility for keeping their own house in order and for keeping organized crime out. The ultimate effectiveness of these codes, however, depends substantially on the vigor the companies that adopt the codes are willing to devote to ensure compliance. To that end, each company that adopts such a code should make clear it will employ the full range of sanctions available to it, including reprimands, censures, suspensions, and dismissals, in responding to violations.

PART IV: ADMINISTRATION OF JUSTICE RECOMMENDATIONS

1. THE JUDICIAL BRANCH SHOULD IMPOSE SIGNIFICANT PENALTIES ON LABOR RACKETEERS.

The Judicial Branch must ensure that convicted marketplace racketeers receive sentences that will effectively deter others from committing similar offenses. Tough sentencing will signal the corporate community that bribes to union officers will be dealt with harshly. However, judges have failed to take actions to convince businessmen that the type of activity, prohibited by the Foreign Corrupt Practices Act, is also illegal and will be severely punished when it occurs in New York City, Chicago or St. Louis.

The Commission recommends that the newly formed Sentencing Commission take into account the need for tough, realistic sentences to assist in ending marketplace corruption. Full reliance should be placed on prohibiting persons who have been convicted of crimes from holding corporate offices concerned with the collective bargaining relationship; indeed, such a disqualification should always be sought and imposed after criminal convictions.

The statutory provision applicable to the activity of corporate employees, 29 U.S.C. §504(a)(3), states that for certain enumerated crimes the convicted person is barred for a term of 3-13 years from serving:

. . . as a labor relations consultant or adviser to a person engaged in an industry or activity affecting commerce, or as an officer, director, agent, or employee of any group or association of employers dealing with any labor organization, or in a position having specific collective bargaining authority or direct responsibility in the area of labor-management relations in any corporation or association engaged in an industry or activity affecting commerce. . .

This is a significant improvement over prior law, and is based on a recognition that there is simply no principled way to distinguish between the actions of corrupt union and management officials.

Two limitations on Section 504 with regard to management personnel require comment. First, because the Section 504 bar is so closely tied to labor relations activity, a convicted and barred corporate official may be forced to resign his post as vice-president of labor relations, but he can re-emerge as the vice president for marketing or finance or some other post without "direct" responsibility for the collective bargaining process. This gap in the law creates an impression of unfairness and unequal treatment because convicted union officials are by definition involved in collective bargaining and are barred from union activities. Second, the list of enumerated disqualifying crimes under Section 504 does not include all the management racketeering activities that this report has documented to be associated with organized crime, such as bid rigging by corporate officials. The general plenary powers of the court, and the specific statutory provisions concerning suspension of sentence and probation, provide ample authority for judges to

impose sentences on racketeers that would provide a substantial period of debarment from positions of trust and authority in their businesses.

#### PART V: STATE AND LOCAL GOVERNMENTS

##### 1. STATE AND LOCAL GOVERNMENTS MUST ACTIVELY FOCUS LAW ENFORCEMENT ATTENTION ON THE WATERFRONT.

Law enforcement oversight at many ports is grossly inadequate. Cooperation between port area law enforcement agencies is poor, particularly among the Gulf, Great Lakes, and Atlantic Coast ports. The insular and complicated nature of waterfront industries requires a continuous stream of law enforcement activities, including intelligence gathering, and active use of licensing procedures to remove and insulate the ports from organized crime. State and local governments must initially ensure that a competent and adequately funded law enforcement agency has specific responsibility for these activities. Such an organization should be provided with sufficient fact finding resources, including subpoena authority and investigators, and the administrative power to bar organized crime from the port through licensing procedures. In states with more than one major port, the state government should take the lead in establishing such an agency. When necessary, states may also need to enter regional compacts, authorized by Congress, to

deal adequately with port districts, such as Philadelphia, which encompass more than one state.

Finally, even after responsibility is assigned to particular agencies with sufficient resources and authority to carry them out, there is still a significant need for greater formalized cooperation between port agencies. This is necessary to prevent the pattern presented in the ILA case study, where members of La Cosa Nostra, barred from the Port of New York, simply began similar unlawful operations in Miami. Reciprocal information sharing arrangements could prevent such migrations.

The failure of state and local governments to shoulder these responsibilities will doom the waterfront areas to another generation of organized crime involvement, including the probable expansion into ports not presently dominated or influenced by La Cosa Nostra or other groups. It will necessitate periodic investigations of the ports, similar to UNIRAC. These may be tactically successful, but they can only be transformed into strategic victories when government authorities familiar with the waterfront follow them up with active law enforcement monitoring.

2. STATE AND LOCAL GOVERNMENTS SHOULD USE THEIR POWERS TO LICENSE AND TO AWARD CONTRACTS AS A MEANS TO DENY ORGANIZED CRIME ACCESS TO THE MARKETPLACE.

A license to sell insurance in a state, or a contract to build public buildings or bridges, are privileges that State, local and Federal government agencies are routinely authorized to

dispense. These powers can be used as a low cost way to keep organized crime out of the marketplace.

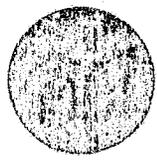
There are several recent examples of state and municipal use of these powers. The City of New York has recently rejected the low contract bid of Schiavone Construction Co., the company of former Secretary of Labor Raymond Donovan, stating that the company is "not a responsible bidder", based upon the current indictments of the company's officials for allegedly illegal practices. Similarly, the Environmental Protection Agency reached an agreement, whereby Schiavone would not seek contracts with EPA until the indictments are settled. The City of New York has also reserved the right to reject low bids on its concrete plant proposal, as a means to deny organized crime access to the means of concrete production.

New Jersey has successfully forced the resignation of mob associates from HEREIU Local 54. These efforts were made under a state regulation intended to prevent the infiltration of organized crime into the casino industry. The State of Florida now requires labor officials to obtain licenses.

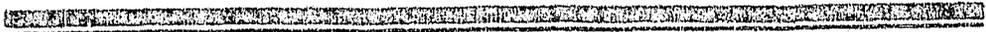
Several state insurance agencies have had positive results from reviewing the actions of health and dental care service providers, which seek to do business in their state.

The Commission recommends continued and intensified use of these varied police and contract powers to deprive organized crime of the license and opportunity to do business.

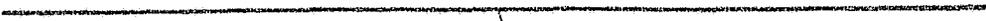
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President's Commission on Organized Crime



Report to the President  
and the  
Attorney General



THE EDGE:  
Organized Crime,  
Business, and Labor Unions



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ACQUISITIONS

SECTION TWELVE:

THE LABOR-MANAGEMENT RACKETEERING

ACT OF 1986

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A Recommendation to the President  
and the Attorney General of the United States  
From the President's Commission on Organized Crime

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January 1986

THE LABOR-MANAGEMENT RACKETEERING

ACT OF 1986

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A BILL

To combat racketeering activities involving labor organizations and organizations which employ members of labor organizations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "Labor-Management Racketeering Act of 1985".

TITLE I - LABOR-MANAGEMENT REPORTING  
AND DISCLOSURE ACT AMENDMENTS

Sec. 101. (a) Section 530 of title 29 of the United States Code is amended to read as follows:

"§530. Deprivation of rights by violence; penalty

"(a) Whoever, by the use of force or violence or by threat of the use of force or violence, assaults, resists, opposes, impedes, intimidates, or interferes with, or attempts to assault, resist, oppose, impede, intimidate, or interfere with --

"(1) any member of a labor organization while said member is, or because said member is or has been, or in order to discourage or prevent said member from --

"(A) exercising any right to which he is entitled under the provisions of this chapter; or

"(B) lawfully affording another person or persons the opportunity or protection to exercise such right; or

"(C) lawfully aiding or encouraging another person or persons to exercise such right, or

"(2) any law enforcement officer while said officer is, or because said officer is or has been, affording another person or persons the opportunity or protection to exercise such right in the performance of said officer's official duties,

"shall be fined not more than \$5,000, or imprisoned not more than five years, or both. Whoever, in the commission of such an act, uses a deadly or dangerous weapon or causes said member bodily injury shall be fined not more than \$10,000, or imprisoned not more than ten years, or both; and if death results from such bodily injury, shall be subject to imprisonment for any term of years or for life.

"(b) Nothing in this section shall be construed --

"(1) to prevent any State, any political subdivision of a State, any territory, possession, or Commonwealth of the United States, or the District of Columbia, from exercising jurisdiction over any offense over which it would have jurisdiction in the absence of subsection (a); or

"(2) to divest or deprive law enforcement officers of any State, any political subdivision of a State, any territory, possession, or Commonwealth of the United States, or the District of Columbia, of authority or responsibility for investigating and prosecuting acts that may be violations of subsection (a) and that are violations of State and local law; or

"(3) to impair or diminish in any way or degree the authority of any Federal grand jury to investigate, or any Federal law enforcement officer to investigate and prosecute, possible violations of subsection (a).

"(c) As used in this section, the term 'law enforcement officer' means any officer, agent, or employee of the United States, any State, any political subdivision of a State, any territory, possession, or Commonwealth of the United States, or the District of Columbia, who is authorized by law or by a Government agency to engage in or supervise the prevention, detection, investigation, or prosecution of any violation of any law of the United States, any State, any political subdivision of a State, any territory, possession, or Commonwealth of the United States, or the District of Columbia."

(b) Section 524 of title 29 of the United States Code is amended by inserting "assault, battery," after "rape,".

Sec. 102. Section 439 of title 29 of the United States Code is amended by striking out "one year" in subsections (a), (b),

and (c) of such section and inserting in lieu thereof "five years."

Sec. 103. Section 501 of title 29 of the United States Code is amended by --

(1) amending subsection (b) of such section to read as follows:

"(b) When any officer, agent, shop steward, or representative of any labor organization is alleged to have violated any of the duties declared in subsection (a) of this section, and the labor organization or its governing board or officers refuse or fail to sue or recover damages or secure an accounting or other appropriate relief within a reasonable time after being requested to do so by any member of the labor organization, such officer, agent, shop steward, or representative may be sued --

"(1) by such member in any district court of the United States or in any State court of competent jurisdiction, to recover damages or secure an accounting or other appropriate relief for the benefit of the labor organization; or

"(2) by the Secretary of Labor in any district court of the United States, to collect any civil

penalty imposed under subsection (d) of this section or secure an accounting or other appropriate relief for the benefit of the labor organization.

"In the case of a proceeding brought under subsection (b)(1) of this section, such proceeding shall be brought only upon leave of the court obtained upon verified application (which may be made ex parte) and for good cause shown; and, in the event that any damages are recovered in such proceeding, the trial judge may allot a reasonable part of such recovery to pay the fees of counsel prosecuting the suit at the instance of the member of the labor organization and to compensate such member for any expenses necessarily paid or incurred by him in connection with the litigation. In the case of a proceeding brought under subsection (b)(2) of this section, attorneys appointed by the Secretary of Labor may represent the Secretary (except as provided in sections 515-518 of title 28 of the United States Code), but all litigation shall be subject to the direction and control of the Attorney General.";

(2) amending subsection (c) of such section to read as follows:

"Embezzlement of assets, labor bribery and extortion;  
penalty

"(c) Any person who --

"(1) embezzles, steals, or unlawfully and willfully abstracts or converts to his own use, or the use of another, any of the moneys, funds, securities, property, or other assets of a labor organization of which he is an officer, agent, shop steward, or representative, or by which he is otherwise employed, directly or indirectly;

"(2) offers, pays, lends, or delivers, or agrees to offer, pay, lend, or deliver, any money or other thing of value to an officer, agent, shop steward, or representative of a labor organization, with intent to obtain --

"(A) the admission of any person to membership or to a class of membership, or the issuance to any person of the indicia of membership or of a class of membership, in the labor organization; or

"(B) the work placement of any person by the labor organization; or

"(C) the employment of any person, directly or indirectly, by the labor organization; or

"(D) ownership or control of the labor organization or of the moneys, funds, securities, property, or other assets of such labor organization; or

"(3) being an officer, agent, shop steward, or representative of a labor organization, solicits, demands, accepts, or agrees to accept any money or other thing of value, the offering of which constitutes a violation of subsection 501(c)(2) of this section,

"shall be fined not more than \$10,000 or imprisoned for not more than five years, or both."; and

(3) inserting a new subsection (d) as follows:

"Civil Penalty by Secretary of Labor

"(d) In the case of any violation of a duty under subsection (a) of this section, the Secretary of Labor may impose a civil penalty of not more than \$10,000."

Sec. 104. Subsection (a) of section 504 of title 29 of the United States Code is amended by adding "any felony under subchapter VI or VII of this chapter," after "a violation of subchapter III or IV of this chapter,".

TITLE II - NATIONAL LABOR RELATIONS ACT AMENDMENTS

Sec. 201. Section 152 of title 29 of the United States Code is amended by adding at the end thereof the following new subsections:

"(15) The term 'racketeering activity' means any racketeering activity listed in section 1961(1) of title 18, United States Code.

"(16) The term 'pattern of racketeering activity' requires at least two acts of racketeering activity, one of which occurred after October 15, 1970 and the last of which occurred within ten years (excluding any period of imprisonment) after the commission of a prior act of racketeering activity."

Sec. 202. Section 158 of title 29 of the United States Code is amended by --

(1) striking out "this subsection" in subsection (a)(3) of such section and inserting in lieu thereof "subsection (a), (b)(8), or (h) of this section";

(2) striking out "159(a) of this title." in subsection

(a)(5) of such section and inserting in lieu thereof 158(a)(6) or 159(a) of this title; or";

(3) adding at the end of subsection (a) of such section the following new subsection:

"(6) to recognize or bargain collectively with a labor organization or other representative as the representative of his employees, if the Board finds that there has been a violation of subsection (b)(8) or (h) of this section with respect to said labor organization or representative.";

(4) adding at the end of subsection (b) of such section the following new subsection:

"(8) to conduct or participate, directly or indirectly, in the conduct of the affairs of such labor organization or of any representative through a pattern of racketeering activity.";

(5) adding at the end thereof the following new subsection:

"(h) It shall be an unfair labor practice for any person through a pattern of racketeering activity to acquire or maintain, directly or indirectly, any interest in or control of a labor organization or other representative."

Sec. 203. Section 160 of title 29 of the United States Code is amended by --

(1) redesignating present subsection "(m)" as "(n)," and striking out "or (b)(2)" in such subsection and inserting in lieu thereof ",(a)(6), (b)(2), (b)(8), or (h)"; and

(2) inserting a new subsection (m) to read as follows:

"Patterns of racketeering activity"

"(m) Whenever it is charged that any person has engaged in an unfair labor practice within the meaning of subsection (a)(6), (b)(8), or (h) of section 158 of this title, the Attorney General or his designee (who shall have sole and exclusive authority under this section to file or make such a charge) shall file the charge with the Board, together with such additional pleadings, affidavits, and other documentation in support of the charge as the Attorney General or his designee deems appropriate. Notwithstanding the provisions of subsection (b) of this section, any complaint issued by the Board or by a designated agent or agency, after receipt of the charge

may be based upon any unfair labor practice occurring more than six months prior to the filing of the charge with the Board and the service of a copy thereof upon the person against whom such charge is made. If, after receipt of testimony or argument in accordance with the provisions of subsections (b) and (c) of this section, the Board makes a finding of fact that any person has engaged in or is engaging in any unfair labor practice in violation of subsection (a)(6), (b)(8), or (h) of section 158 of this title, the Board may issue an order requiring such action as will effectuate the purposes of this subchapter. Such an order may require the decertification of representatives for a period not to exceed ten years after the date on which the Board issues such order, and shall require the person whom the Board has found to have engaged in or to be engaging in such unfair labor practice to transmit copies of such order forthwith to all employers with whom such person has any collective bargaining relationship and to all labor organizations with which such person is affiliated. Nothing in this subsection shall be construed to preempt any State or local law which prohibits or otherwise regulates conduct that may also constitute an unfair labor practice under section 158 of this title."

TITLE III - MISCELLANEOUS AMENDMENTS

## HOBBS ACT AMENDMENTS

Sec. 301. (a) Subsection (b)(2) of section 1951 of title 18 of the United States Code is amended to read as follows:

"(2) The term "extortion" means the obtaining of property from another, with his consent, induced by use of actual or threatened force or violence, by wrongful use of fear, or under color of official right."

(b) Subsection (c) of section 1951 of title 18 of the United States Code is amended to read as follows:

"(c) Nothing in this section shall be construed as indicating an intent on the part of the Congress --

"(1) to repeal, modify, or affect section 17 of title 15, sections 52, 101-115, and 151-166 of title 29, or sections 151-188 of title 45 of the United States Code;

"(2) to exclude Federal jurisdiction over the offenses defined in this section on the ground that the

conduct is also a violation of State or local law, or that the conduct, if it involves the use of actual or threatened force or violence or wrongful use of fear, takes place in the course of a legitimate business or labor dispute or in pursuit of a legitimate business or labor objective; or

"(3) to preempt State or local jurisdiction over offenses proscribing conduct involving the use of actual or threatened force or violence or wrongful use of fear, on the ground that the conduct is also a violation of Federal law or that the conduct takes place in the course of a legitimate business or labor dispute or in pursuit of a legitimate business or labor objective; or

"(4) to discourage legitimate labor activity by authorizing Federal prosecution for conduct which is otherwise lawful and which does not violate this section."

#### WIRETAP AMENDMENTS

Sec. 302. Subsection (1) of section 2516 of title 18 of the United States Code is amended by deleting "or" at the end of paragraph (g), by redesignating present paragraph "(h)" as "(i)," and by inserting a new paragraph (h) as follows:

"(h) any offense punishable under section 1, 2, or 3 of title 15, United States Code (dealing with conspiracies in restraint of trade and monopolization), so long as the order for which authorization has been made also authorizes interception for any of the foregoing offenses; or".

\* \* \* \*

EXPLANATION

Section 1 of the bill sets out its title, the "Labor-Management Racketeering Act of 1986."

Section 101(a) of the bill would amend title 29 by substantially revising and amending the provisions of section 530 of title 29. Subsection (a) of the amended section 530 would make punishable the use of force or violence, or the threat of the use of force or violence, to assault or otherwise to interfere with a person in either of two categories:

(1) a member of a labor organization, while that member is, or because that member is or has been, or in order to discourage or prevent that member from, engaging in any of several acts:

(A) exercising any right to which that member is entitled under the provisions of chapter 11 of title 29 (the Labor-Management Reporting and Disclosure Act of 1959 ["LMRDA"]);

(B) lawfully affording another person or persons the opportunity or protection to exercise such right; or

(C) lawfully aiding or encouraging another person or persons to exercise such right; or

(2) any Federal, State, or local law enforcement officer while that officer is, or because that officer is or has been, affording another person or persons the opportunity or protection to exercise such right, in the performance of that officer's official duties.

The principal elements that would have to be established to prove a violation of the amended section 530 are as follows:

1. Conduct. The current version of section 530 uses the terms "restrain, coerce, or intimidate" to define the acts prohibited. The amended section 530 would expand the list of prohibited acts to "assaults, resists, opposes, impedes, intimidates, or interferes with." Although the conduct proscribed by the current version of section 530 is essentially assault and battery, see United States v. Williams, 624 F.2d 75 (9th Cir. 1980); United States v. Kelley, 545 F.2d 619 (8th Cir. 1976), cert. denied, 430 U.S. 933 (1977); United States v. Local 560, 550 F. Supp. 511, 521 (D.N.J. 1982), the terms that refer to such conduct do not make clear the true nature of the conduct that Congress intended to proscribe. The terms used in the amended section 530 are drawn from one of the principal Federal statutes on assault, 18 U.S.C. §111, and would permit the courts, in construing the provisions of the amended section 530, to draw on the interpretations of the identical terms in 18 U.S.C. §111.

2. Force or Violence. The amended section 530 would retain the current requirement that the prohibited conduct be effectuated by either "the use of force or violence" or "threat of the use of force or violence." Section 530 would therefore continue to be inapplicable to conduct involving only economic reprisal or a threat thereof. See Local 560, 550 F. Supp. at 520-21. The continued use of the terms "force or violence," however, is not intended to preclude the courts from drawing on

judicial interpretations of similar terms in other criminal statutes (e.g., 18 U.S.C. §§111, 245(b)).

3. Other Circumstances. The amended section 530 would make clear that an assault upon, or other interference with, a member of a labor organization would be prohibited in any of three sets of circumstances: (1) where the member is himself exercising any right to which he is entitled under the LMRDA; (2) where the member is lawfully affording others the opportunity or protection to exercise such right; or (3) where the member is lawfully aiding or encouraging others to exercise such right. An assault upon, or other interference with, a Federal, State, or local law enforcement officer would be prohibited only where that officer is affording others the opportunity or protection to exercise such right in the course of the performance of that officer's official duties. See 18 U.S.C. §245(b) (containing similar language regarding Federally protected activities).

4. Intent. The current version of section 530 requires proof that a person not only willfully engaged in conduct that violates that section, but did so expressly "for the purpose of interfering with or preventing the exercise of any right to which [the member of the labor organization] is entitled . . . ." See Local 560, 550 F. Supp. at 523. This standard of intent is both needlessly confusing and highly likely to discourage Federal law enforcement officers from investigating and prosecuting violations of section 530. The amended section 530 would abandon this standard of intent, and instead adopt the straightforward

standard of intent reflected in 18 U.S.C. §111. Under the latter standard, the Government would be required to prove only that the person had the intent to assault or otherwise to interfere with a member of a labor organization or a law enforcement officer, in the circumstances set forth above. Proof that the person specifically intended to discourage or prevent a member of a labor organization from exercising (or facilitating other persons' exercise of) rights under the LMRDA would not be necessary in all cases to sustain a conviction under the amended section 530. See, e.g., United States v. Feola, 420 U.S. 671 (1975) (18 U.S.C. §111 requires no more than proof of intent to assault, not of intent to assault a Federal officer).

Subsection (b) of the amended section 530 would be intended to make clear that the amended section 530 should not be construed to prevent State or local law enforcement officers from investigating and prosecuting acts that violate State or local law and that may also violate the amended section 530 (e.g., assault and battery upon a member of a labor organization). Subsection (b) thus contemplates the possibility, as well as the feasibility, of consecutive or concurrent investigations in these matters by Federal, State, and local authorities.

Subsection (c) of the amended section 530 would define the term "law enforcement officer" in a manner consistent with the definition of the term "Federal law enforcement officer" in 18 U.S.C. §115(c)(1).

Section 101(b) of the bill would amend section 524 of title 29 to make clear that nothing in any provision of the LMRDA should be construed to impair or diminish the authority of any State to enact and enforce general criminal laws with respect to assault and battery, as well as assault with intent to kill or assault which inflicts grievous bodily injury.

Section 102 would amend section 439 of title 29 to increase the penalty for violations of subchapter III of the LMRDA (which requires the filing of various reports by labor organizations, officers and employees thereof, and employees) from a maximum of one year's imprisonment to five years' imprisonment. Thus, a violation of any of the reporting requirements of subchapter III would be punishable as a felony.

Section 103 would amend section 501 of title 29 in several important respects. Section 103(1) would amend section 501(b) of the LMRDA to authorize the Secretary of Labor (as well as members of a labor organization) to sue officers, agents, shop stewards, or representatives of that labor organization for violation of any of the duties set forth in section 501(a) of the LMRDA. Under this amendment, the Secretary could sue in Federal district court to collect a civil penalty (as provided in section 203(3) of this bill) imposed for such a violation, or for other appropriate relief for the benefit of the labor organization. Such litigation would involve representation by both Department of Labor and Department of Justice attorneys, in a manner directed by the Attorney General or his subordinates. The

provisions of section 103(1) are similar to certain provisions for civil enforcement in section 502 of the Employee Retirement Income Security Act of 1974 ("ERISA").

Section 103(2) would amend section 501(c) of title 29 to prohibit various transactions involving transfers of money or other things of value that amount to a purchase or sale of union membership, work placement, union office or other responsible position, or the union itself. Under this amendment, section 501(c)(1) would restate the provisions of the current version of section 501(c). Section 501(c)(2) would create four categories of activity that any person would be prohibited from seeking by offering or paying any money or thing of value to an officer, agent, shop steward, or representative of a labor organization:

- (1) the admission of any person to membership or a class of membership, or issuance to any person of the indicia of such membership, in the labor organization;
- (2) the work placement of any person (including, but not limited to, the person who offers or pays the money or thing of value to the labor organization's representative) by the labor organization;
- (3) the employment of any person (including, but not limited to, the person who offers or pays the money or thing of value to the labor organization's representative), whether directly or indirectly, by the labor organization;
- and (4) ownership or control of the labor organization or the moneys, funds, securities, property, or other assets of that labor organization.

The proposed section 501(c)(3) would prohibit any officer, agent, shop steward, or representative of a labor organization from soliciting, demanding, accepting, or agreeing to accept any money or other thing of value, if the offering of such money or thing of value would violate section 501(c)(2). The language of section 501(c)(2) and (3) is substantially derived from the provisions of the proposed labor bribery statute (section 1752) set forth in S.1630, a version of the Federal criminal code reform provisions considered in the 97th Congress. Each of these violations under section 501(c) would be punishable as a felony.

Because the definition of "Officer, agent, shop steward, or other representative" in section 402(q) of title 29 is stated in nonrestrictive terms, the term "representative," as used in the proposed section 501(c), should be liberally construed to include not only persons who are not directly employed by, but who have other formal ties to, the labor organization, but also persons who have no formal relationship with the labor organization but exercise de facto control or influence over the labor organization and its operations. This expression of intent seeks to prohibit the type of conduct in which various members of organized criminal groups have frequently engaged with labor unions. For example, a soldier of the LCN Genovese family is known to have negotiated a purchase price of \$90,000 to effect the transfer of control of the Allied International Union of Security Guards and Special Police to a purchasing racketeer, notwithstanding the fact that the LCN soldier himself had no

formal connection to that union. Similarly, Nick Civella, the head of the LCN family in Kansas City, procured the appointment of certain persons to offices in the Teamsters Union and in the Teamsters benefit fund, while Teamster officer Roy L. Williams was compensated by Civella for his activities on behalf of the Kansas City LCN.

Section 103(3) of the bill would explicitly authorize the Secretary of Labor to impose a civil penalty of not more than \$10,000 for any violation of a duty under section 501(a) of the LMRDA.

Section 104 of the bill would amend 29 U.S.C. §504, which bars persons who have been convicted of, or served any part of a prison term resulting from such conviction of, various enumerated criminal offenses from serving in various union-related positions, for a period of not more than thirteen years after the conviction or the end of the prison term. Section 204 would add to the list of enumerated offenses any felony under subchapter VI or VII of the LMRDA (which would include violations of section 501(c), 504, 522, and 530).

The provisions of Title II of the bill would amend various provisions of the National Labor Relations Act, as amended, to authorize and permit the National Labor Relations Board ("NLRB" or "Board") to deal more effectively with certain activities, commonly associated with labor racketeering, that constitute

unfair labor practices over which the NLRB has jurisdiction. Section 201 of the bill would amend section 152 of title 29 to add definitions of the terms "racketeering activity" and "pattern of racketeering activity." These terms are defined in accordance with the definitions in section 1961(1) of the Racketeer Influenced and Corrupt Organizations ("RICO") statute (18 U.S.C. 1961-1968).

Section 202 of the bill would amend section 158 of title 29 to add three new provisions (together with conforming amendments) to the unfair labor practices specified in section 158. First, the proposed section 158(b)(8) would make it an unfair labor practice for a labor organization or its agents to conduct or participate, directly or indirectly, in the conduct of the affairs of that labor organization or of any representative (as those terms are defined in 29 U.S.C. 152) through a pattern of racketeering activity. Second, the proposed section 158(h) would make it an unfair labor practice for any person through a pattern of racketeering activity to acquire or maintain, directly or indirectly, any interest in or control of a labor organization or other representative. Because the proposed subsections (b)(8) and (h) of section 158 are based upon the language of subsections (c) and (b), respectively, of section 1961 of RICO, they should be construed in accordance with the judicial interpretations of those comparable provisions in RICO (except to the extent that 29 U.S.C. 152 defines the term "person" in a manner different from section 1961(1) of RICO). Finally, the proposed section

158(a)(6) would make it an unfair labor practice for an employer to recognize or bargain collectively with a labor organization or other representative as the representative of his employees, if the Board finds that there has been a violation of section 158(b)(8) or (h) with respect to that labor organization or representative.

Section 203 of the bill would amend section 160 of title 29 to specify the procedure under which the NLRB should receive and dispose of charges alleging violations of 29 U.S.C. 158(a)(6), (b)(8), or (h). Section 203(1) would amend section 160 (m), which establishes priorities for the Board's handling of certain types of charges, to ensure that the Board will expeditiously handle charges involving section 158(a)(6), (b)(8), or (h). Section 203(2) would add a new subsection (m) governing such charges. Under this new subsection, only the Attorney General or his designee will have the authority to file or make a charge involving section 158(a)(6), (b)(8), or (h). This limitation is intended to preclude private individuals, corporations, labor organizations, or representatives from filing baseless charges with the Board that a particular person (whether employer, labor organization, or representative) is engaging in racketeering activity, and thereby damaging that person's business or reputation. Since some of the predicate acts of racketeering activity may have occurred more than six months prior to the filing of the charge (as has frequently been the case where an organized criminal group, for example, had required a substantial

period of time to acquire influence in or control over a labor organization), the proposed subsection (m) would override the six-month limitation otherwise applicable to Board proceedings under 29 U.S.C. 160(b).

The proposed subsection (m) also makes unambiguously clear that if the Board finds that any person has engaged in or is engaging in any unfair labor practice in violation of section 158 (a)(6), (b)(8), or (h), the Board has the authority, in appropriate cases, to invoke the full range of remedies available under section 160, including the decertification of a labor organization or representative for a period not to exceed ten years. While decertification should not be considered the sole or preferred remedy for a labor organization or representative that is dominated or influenced by an organized criminal group or member thereof, the courts have indicated that it may be a wholly appropriate remedy that is within the Board's authority and discretion to use. See Local 1814, International Longshoremen's Association v. NLRB, 735 F.2d 1384 (D.C. Cir. 1984). Finally, the proposed subsection (m) disclaims any intent in that subsection to preempt State or local laws prohibiting or regulating conduct that may also constitute an unfair labor practice.

Section 301 would amend the Hobbs Act (18 U.S.C. §1951) to address the concerns raised by the decision of the United States Supreme Court in United States v. Enmons, 410 U.S. 396 (1973).

In Enmons, the Supreme Court held that the extortion provisions of the Hobbs Act which proscribe "the obtaining of property from another, . . . induced by wrongful use of actual or threatened force, violence, or fear" (emphasis supplied) -- do not reach the use of force to achieve legitimate union objectives, such as higher wages. After reviewing the use and the placement of the term "wrongful" in the Hobbs Act, the legislative framework and history of the Act, and subsequent judicial interpretations of the Act, the Court concluded that the Act's extortion provisions proscribed only the use of force, violence, or fear to obtain property to which the defendant had no lawful claim (including the exaction of personal payoffs, or the pursuit of "wages" for imposed, unwanted, unneeded, superfluous, or fictitious services). Id. at 399-412. See, e.g., United States v. Green, 350 U.S. 415, 417 (1956).

When considered on its own terms, the reasoning of the Court in Enmons is entirely defensible: as the Court's opinion indicates, if Congress had intended the Hobbs Act to include force or violence directed solely at obtaining higher wages, it could and should have conveyed that purpose clearly in the language of the Act. Moreover, nothing in the Court's opinion states that the Hobbs Act does not proscribe the use of force or violence to obtain wages that are not merely higher, but so much higher (e.g., 200 or 300 percent of current union wages) that one could fairly conclude there was "no lawful claim to that property." Finally, Federal prosecutors have been able to rebut some defendants' claims that the use of fear was solely in

furtherance of legitimate labor objectives, and have obtained convictions for extortion under the Hobbs Act. See, e.g., United States v. Wilford, 710 F.2d 439 (8th Cir. 1983).

Nonetheless, the unintended effect of the Enmons decision has been to discourage the Department of Justice from prosecuting certain types of labor-related violence or threats that advance the interest of organized criminal groups, but that may be difficult to prove as clearly extortionate. In many instances, union officials have demanded that employees pay money to their unions or to funds associated with the unions, for the ostensible purpose of furthering legitimate union objectives, but have then converted those payments to their own personal benefit (e.g., by embezzlement or "loans" that are never repaid). The language of the Hobbs Act should therefore be clarified to ensure that Federal authorities can investigate and prosecute such conduct, as well as conduct that involves the use of wholly unjustifiable means (i.e., force and violence) to achieve even legitimate labor objectives.

Accordingly, section 301(a) would amend section 1951(b)(2) of title 18 by revising the definition of "extortion" under the Hobbs Act. This revision would make clear that the Hobbs Act would reach four general categories of conduct that would induce another's consent to the transfer of property: (1) actual or threatened force; (2) actual or threatened violence; (3) wrongful use of fear (including, but not limited to, fear of economic

loss, see, e.g., Wilford, 710 F.2d at 444 n.9); and (4) color of official right.

Section 301(b) would amend section 1951(c) to set forth four expressions of Congressional intent with respect to the Hobbs Act. Paragraph (1) substantially restates the current provisions of section 1951(c). Paragraph (2) explicitly states that Congress does not intend to exclude Federal jurisdiction over the offenses defined in the Hobbs Act, on the ground that State or local law may also proscribe the conduct in question or that a legitimate business or labor dispute or objective was somehow involved with that conduct. Paragraph (3) complements paragraph (2) by stating that Congress does not intend to preempt State or local jurisdiction over conduct that may also happen to violate the Hobbs Act or other Federal law, or to be involved with a legitimate business or labor dispute or objective. Paragraph (4) makes clear that Congress does not intend to discourage legitimate labor activity by authorizing Federal prosecution for labor-related conduct that, for example, is not intended to obtain property. This latter statement of intent is meant to underscore the Congressional intent that the Hobbs Act not be used merely "to put the Federal Government in the business of policing the orderly conduct of strikes." Enmons, 410 U.S. at 411. This intent, however, in no way precludes the application of the Hobbs Act to any persons who use force or violence with the intent to obtain property to which they have no lawful claim.

Section 302 would amend the list of criminal offenses in

section 2516 of title 18 for which Federal authorities may lawfully intercept wire or oral communications under Title III of the Omnibus Crime Control and Safe Streets Act of 1968, to include certain specific criminal violations of the Federal antitrust laws: i.e., sections 1-3 of the Sherman Act (15 U.S.C. §§1-3). With this amendment, Federal authorities could lawfully conduct electronic surveillance of organized crime groups engaging in conduct which constitutes a conspiracy in restraint of trade, monopolization, an attempt to monopolize, or a conspiracy to monopolize, within the meaning of the Sherman Act.

The need for this provision stems from the conduct in which many organized crime groups have typically engaged to carry out various activities. Since the days of the Kefauver and McClellan Committees, law enforcement authorities and others have repeatedly recognized that organized crime groups conduct both their legitimate and illegal businesses with methods calculated to exclude or eliminate competition, or to achieve monopoly, in those businesses. These methods may include the use of force or violence, or the formation of cartel-like organizations. See, e.g., President's Commission on Law Enforcement and Administration of Justice, The Challenge of Crime in a Free Society 190, 208 (1970); Reuter, Racketeers as Cartel Organizers, in The Politics and Economics of Organized Crime 49-65 (H. Alexander & G. Caiden eds. 1985). As Justice Stevens aptly remarked in a recent antitrust case before the Supreme Court,

it must be remembered that not all persons who restrain trade wear grey flannel suits. Businesses controlled by organized crime often attempt to gain control of an industry through violence or intimidation of competitors; in such cases §1 [of the Sherman Act] can be applied to separately incorporated businesses which benefit from such tactics, but which may be ultimately controlled by a single criminal enterprise.

Copperweld Corp. v. Independence Tube Corp., 52 U.S.L.W. 4821, 4831 (U.S. June 19, 1984) (Stevens, J., dissenting). Thus, this type of conduct is precisely what the Sherman Act proscribes; indeed, such conduct may warrant special condemnation under that Act, by seeking to accomplish impermissible ends with particularly objectionable means (i.e., force and violence). As a result, Federal officials have periodically indicated that the antitrust laws are entirely appropriate for application to organized crime's activities. See, e.g., United States v. Bengimina, 1971 Trade Cas. (CCH) ¶73,474 (W.D. Mo. 1971); Address by Attorney General Mitchell before the Antitrust Section of the American Bar Association, Washington, D.C. (March 27, 1969).

If Federal authorities are to be truly effective in investigating and prosecuting organized criminal groups for activities that violate the antitrust laws, however, they must have the means to obtain the evidence of those activities. The legislative history of Title III makes clear that wiretapping is an indispensable weapon in the fight against organized crime:

In discussing the use of electronic surveillance as a weapon against organized crime, the President's Crime Commission states:

\* \* \* communication is essential to the operation of any business enterprise. In legitimate business this is accomplished with written and oral exchanges. In organized crime enterprises, however, the possibility of loss or seizure of an incriminating document demands a minimum of written communication. Because of the varied character of organized crime enterprises, the large numbers of persons employed in them, and frequently the distances separating elements of the organization, the telephone remains an essential vehicle for communication.

Victims, complainants, or witnesses are unwilling to testify because of apathy, fear, or self-interest, and the top figures in the rackets are protected by layers of insulation and direct participation in criminal acts. Information received from paid informants is often unreliable, and a stern code of discipline inhibits the development of informants against organized criminals. In short, intercepting the communications of organized criminals is the only effective method of learning about their activities.

S. Rep. No. 1097, 90th Cong., 2d Sess. (1968), reprinted in 1968  
U.S. Code Cong. & Ad. News 2112, 2159.

The proposed amendment of section 2516(1) is not intended to provide general authority to wiretap in all Sherman Act cases brought by the Government. The language of the proposed amendment is therefore framed to make clear that Federal authorities may obtain an order authorizing or approving Title III interception for Sherman Act purposes only where the order also includes authorization or approval of interception for one or more of the offenses specified in section 2516(1)(a)-(g).

President's Commission on Organized Crime

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Report to the President  
and the  
Attorney General

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**THE EDGE:  
Organized Crime,  
Business, and Labor Unions  
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The "statement of separate views" submitted by Commissioner Methvin contains assertions concerning law enforcement matters and investigations that are based on sources other than those developed in the Commission's own investigation. While fully supporting the right of any member of the Commission to express his separate views concerning the issues and recommendations discussed in this report, other members of the Commission can take no position on the accuracy of investigative matters in the statement of Commissioner Methvin, who is solely responsible for the content of his statement.

- Members of the Commission

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## ADDITIONAL VIEWS OF

COMMISSIONER EUGENE HILBURN METHVIN

INTRODUCTION

As the Commissioner designated to oversee the Commission's labor-management racketeering hearing and report, I have had a unique opportunity to witness and appreciate the initiative and hard work that has gone into both the Chicago hearings of April 22-25, 1985, and this report. The staff deserves congratulations for its effort, and for the determination with which its members met and overcame many obstacles both within the federal bureaucracy and without. Not the least of their hazards was a fractious and vociferous critic of government prose standards. They overcame all and have brought a fresh perspective and some inspired recommendations for new attacks on the problem, and I associate myself with those recommendations heartily. I cannot let this report appear, however, without expressing my own reactions to our investigative findings and bringing to bear my own perspective as a longtime observer of the federal anti-racket-eering effort.

It is time for plain talk about labor racketeering in America today. It is now 26 years since Congress passed the Landrum-Griffin Act which was intended to break the hold of

gangsters on many of the nation's most strategic unions and restore them to their members; and 11 years since the Employee Retirement Income Security Act (ERISA) was passed to protect union pension, health and welfare funds from pirates and racketeers. Yet today we still find the "Bad Four" major unions, three of them members of the AFL-CIO, dominated by the La Cosa Nostra crime syndicate and its auxiliaries and allies. The Longshoremen's Union embraces 200,000 members; the Laborers about 625,000; the Hotel and Restaurant Employees about 400,000; and the Teamsters has about 1.9 million. Contrary to general impression, the Teamsters have only about 400,000 truck drivers; their members range from airline pilots to zoo keepers, and about half of them are women. Thus, altogether, nearly three million workers, their families and dependents, depend for their livelihoods, job safety, pension and welfare funds upon international unions controlled by gangsters whose power relies upon secrecy enforced by terror and murder. This is a screaming national scandal.

Uncle Sam is the ultimate trustee of America's union members and their pension and welfare funds, since he created the laws empowering the union officials as collective bargaining agents. But the job Uncle Sam has done safeguarding his union constituents' rights would get him convicted of breach of trust in any fair forum. Not only union members' welfare is at stake. As the Commission report demonstrates, unions are the levers which the mobsters use to create criminal cartels that destroy

the free marketplace and freedom of choice of union members, employers and consumers alike. Uncle Sam has failed, in this very real sense, to defend the freedom of us all.

A. THE DANGEROUS FAILINGS OF OUR JUSTICE DEPARTMENT

In 1970 Congress passed a powerful new "Organized Crime Control Act" designed to arm federal racket-busters with the legal crowbars they needed to wreck the Mafia grip on large labor unions and whole sectors of the American economy. Within 18 months the Justice Department had 18 strike forces in cities across the nation doing just that. An assistant attorney general promised, "If we keep on the offensive, with public support and teamwork in law enforcement at every level, in another five years we can reduce the organized-crime syndicate to relative ineffectiveness."

Today that promise is tragically unfulfilled. The FBI, exploiting telephone wiretap and electronic "bug" laws, has brought stunning evidence enabling prosecutors to attack top mobsters in many cities. Yet as evidence laid before the President's Commission on Organized Crime shows, the mobsters still have a strange-hold on large sectors of the American economy, siphons into every consumer's pocketbook, and a steel grip on four major unions embracing about three million wage earners and their families. What went wrong?

To understand, consider three major weapons Congress wrote into the 1970 law.

1. Racketeer Influenced and Corrupt Organizations.

Congress made it unlawful to engage in a pattern of racketeering, defined as two or more criminal acts ranging from murder to bribery, to acquire or operate any business or other organization. Racketeers were made subject to both criminal and civil penalties. They can be jailed, by conviction, which requires proof beyond a reasonable doubt. But they can also be subjected to civil penalties by the far easier standard of a "preponderance of evidence". Thus union officers and pension fund trustees can be thrown out of office and barred for life from returning to union activity. Racketeers can be stripped of illegal businesses or legitimate businesses acquired with ill-gotten profits; the government can seize criminally their limousines, mansions, yachts as well. The Attorney General has this power, under RICO's criminal, civil and equitable provision; all he has to do is use it.

Incredibly, only once in 15 years has the Justice Department used the RICO law to remove gangsters and their allies from a racket union; two years ago a federal judge removed all officers in a gang-run Teamster local in New Jersey, Local 560. The Justice Department's Organized Crime Section has sought forfeiture of gangster's property upon criminal conviction in

only a handful of cases, seizing a mere \$3 million, little of it from Mafia defendants despite some impressive convictions obtained with sensational evidence gathered by the FBI.

Contrast this with the record of states whose legislators have adopted RICO statutes modeled on the federal law. Florida has had its statute only five years and its attorney general has brought 32 civil RICO cases with actual cash recoveries as of October 1985. An additional 44 cases are pending and 75 investigations underway. While the Florida law has been used most often in cases involving drugs, it has also been used successfully to attack the economic bases of pornography, prostitution, gambling, theft, and fraud enterprises. Arizona's record is similarly impressive. More than 75 civil or criminal RICO prosecutions have been brought. Civil judgments obtained exceed \$16 million. The suits have included "name" organized crime figures. Arizona convicted and sent to prison for a long term Joseph Frank Tocco, brother of a principal La Cosa Nostra leader in the Mid-West; the state also got a civil RICO judgment against Tocco of \$1.5 million, amply secured by assets.

Last February the Justice Department announced the first criminal prosecution of the LCN's ruling seven-man "Commission" as a body. The seven members were accused of violating RICO by using mob-dominated labor unions to maintain monopolistic control of New York City's major construction industry. At a press conference FBI Director William Webster declared, "We had RICO

for ten years before we knew what to do with." Yet incredibly even then the Justice Department failed to include in its indictment demands for the criminal forfeiture of the mobsters' illegally-acquired fortunes.

Nor did prosecutors of the Mafia Commission use another key weapon Congress gave them in 1970:

2. The Dangerous Special Offender Law. Legislators were outraged in 1970 over judicial lenience in dealing with mobsters, especially one of the LCN Commission members indicted in the New York prosecution: Anthony "Tony Ducks" Corallo. Twice in the 1960s Corallo was convicted of serious felonies that could have put him away for long stretches: once for conspiring to bribe a judge and prosecutor to fix a cohort's bankruptcy fraud case; and once again, under the same federal statute, for arranging and sharing a kickback on a city water contract. He could have got five years. The first time he was back of the street in 18 months; the second time in less than three years. This -- for one of the worst gangsters uncovered in the 1958 Senate labor rackets hearings, whose sordid criminal career was a matter of public record.

So Congress wrote the Dangerous Special Offender (DSO) law mandating that judges impose sentences of 20 years or more on convicted felons where the Justice Department showed they had acted with three or more others in racketeering conduct.

Incredibly again, only once in 15 years have Justice Department prosecutors asked for an enhanced DSO sentence in a major organized crime case. That was against a Buffalo gangster involved in bombings in a Mafia family feud.

3. Special Grand Juries. Congress also saw the need for public bodies in every major community beset with organized crime activity that could subpoena witnesses and records and make public reports about racketeering. The legislators envisioned a kind of mini-congressional hearing whose members would periodically publish their findings to educate local law enforcement, news media, and - importantly - judges on the methods and depredations of the mobsters. So Congress provided for "Special Grand Juries" in every federal judicial district. They could sit for up to three years, hearing witnesses, and making their findings public as they progressed.

Never has the Justice Department in 15 years convened a Special Grand Jury to report publicly on racketeering by the LCN crime syndicate or any other criminal group. Never has the Justice Department directed a special grand jury probe to report on any corrupt union local, or on any alliance between LCN union racketeers and corrupt corporate officials to enforce "plantation labor" standards on union members. With the single exception of the Teamster Local 560 case, there are no reported cases where,

after convicting union racketeers criminally, the Justice Department even sued to divest convicted racketeers of their union offices or strip them or their corporate allies of the profits of their illegal activity. No Justice Department prosecutor has ever walked into a union hall to present members with a check for funds recovered from corrupt employers and union officials.

Yet the 1970 Organized Crime Control Act gave the Attorney General power to do all these things. He has the power to go to court to name trustees to take over racket unions and restore union democracy. Those trustees have the power to sue corrupt union officials and corporate officials who enter corrupt deals with them for triple damages. There is no reported case indicating that a union has ever done so. Rank and file members could sue their unions for failing to bring suit over such corrupt deals. Honest unions could sue on behalf of captive members of corrupt unions to liberate them and sign them up in clean unions. "Paper locals" and "desk drawer contracts," which the Commission has heard about, can all be targeted by honest AFL-CIO unions, as well as the Attorney General.

The Attorney General has never set up task forces, with both criminal and civil attorneys, to attack the "Bad Four" major international unions and break the racketeers' grip.

The fact is the nation has a strategy against organized crime. Congress passed a law that put it in place in 1970. Yet for reasons this Commission has not probed, the Justice Department has failed to carry it out. Important statutory weapons lie unused. The General Accounting Office has repeatedly criticized the Justice Department's failures in this respect. So has the Senate Permanent Subcommittee on Investigations. The Senate subcommittee surveyed past and present Strike Force attorneys and investigators and found overwhelming evidence of a narrow prosecutorial "body count" fixation. The career prosecutors are interested almost exclusively in convicting LCN racketeers, with no regard for the strategic impact on organized crime; and indeed, with no regard for organized crime activity that has no LCN connection. Twenty six of the 30 respondents reported direct knowledge of instances where significant cases of organized crime activity were rejected for prosecution because there was no LCN involvement.<sup>1</sup>

The result of this Justice Department "tunnel vision" is that the nation's strategy and weapons against organized crime have gone unused for fifteen years. Despite recent signs of change, this record is inexcusable.

The Justice Department reports only 68 RICO actions against unions in the past 15 years. The Department gave no analysis to show which unions were involved in these actions. Apparently the Commission staff did not demand a breakdown. Nor do we have a

report on the result of these criminal prosecutions: how many individuals convicted, what sentences were imposed, and so on.

Every single union official convicted, and every corrupt employer or corporate official convicted, in labor racketeering cases over the past 15 years could have been sued civilly by the Attorney General on behalf of the victimized union members. Yet the Commission now recommends new legislation to empower the Secretary of Labor to do what the Attorney General can already do. This recommendation simply excuses the inexcusable record.

While Director Webster shows commendable candor and a refreshing willingness to make new starts, it is apparent that the Justice Department career criminal prosecutors are still failing to exploit the RICO law's provisions. For example, the LCN Commission indictment specifies particular amounts of money extorted from construction companies, but fails to seek forfeiture from the defendants.

Consider the failure to utilize the Dangerous Special Offender law in the prosecution of Anthony "Tony Ducks" Corallo and the other Mafia Commission defendants. If ever a law deserved to bear the name of a felon, Title I of the 1970 Organized Crime Control Act should be called the "Tony Corallo law." It was Corallo's lenient sentencing in two 1960s felony convictions that provoked Congress to write Title I, as Chairman

John L. McClellan of the Senate Criminal Laws and Procedures

Subcommittee explained:

The inadequacy of sentences imposed upon organized crime leaders has been well known to racket prosecutors for years. The people, too, are aware of the facts. A Gallup Poll early last year found that seventy-five percent of those interviewed thought that our courts did not deal harshly enough with criminals. A recent staff study by the Senate Criminal Laws Subcommittee based on FBI sentencing data, moreover, confirms that experience and the judgment of the people. Two-thirds of La Cosa Nostra members included in the study and indicted by the federal government since 1960 have faced maximum jail terms of only five years or less. Nevertheless, fewer than one-fourth have received the maximum sentences twelve percent have received no jail terms, and the sentences of the remainder have averaged only forty to fifty percent of the maximums.

Statistics, however, outline only the bare bones of the situation. An example should flesh out the deplorable situation. One of the worst gangsters uncovered in the labor racketeering investigation of the Select Committee was Anthony "Tony Ducks" Corallo, then a captain in the Lucchese family of La Cosa Nostra. It was Corallo who helped James Hoffa gain control of New York City's 140,000 teamsters. Our hearing record showed how this gangster brought in forty hoodlums with records of 178 arrests and seventy-seven convictions for crimes ranging from theft, robbery, burglary, and stinkbombing to extortion and murder. One New York employer told how he hired Corallo simply to walk into his plant and "glance at the employees to keep them in line." The late Robert F. Kennedy, our committee counsel, commented, "This seemed to me rather funny at the time . . . But when Tony Ducks appeared on the witness stand and turned his glare on us, I changed my mind."

It was just such experiences as this that led Kennedy, when he became Attorney General, to mount the first truly effective, concentrated federal attack in our nation's history on organized crime, and by 1962 Corallo had been convicted under the Federal Anti-Racketeering Act, for conspiracy to pay a \$35,000 bribe to a New York judge and an assistant U.S. attorney to fix a cohort's sentence in a \$100,000 bankruptcy fraud case. Despite Corallo's shocking public record as a vicious racketeer, he was sentenced to but two years out of a possible five. He was actually released to the street within eighteen months, and there is every indication that he and his associates control at least seven of the fifty-six Teamster locals in the New York area,

piratically forcing millions of consumers to pay hidden tribute.

Nevertheless, this is only half of the deplorable story. In June of 1968, Corallo once again stood before the same judge, incredibly once again convicted under the same federal statute. This time, by loansharking a financially pressed city water commission, he had been able to arrange and share a \$40,000 kickback on a city contract. In sentencing Corallo, the judge observed:

What the court noted then about him still remains true. His entire life reflects a pattern of anti-social conduct from early youth. It is doubtful that his money over any substantial period of his adult life came from honest toil. It is fairly clear that his means derived from illicit activities -- bookmaking, gambling, shylocking and questionable union activities.

Nonetheless, the court this time -- incomprehensibly -- gave Corallo only three years out of a possible five.

As convicted organized crime offenders like Corallo walked out free to resume their criminal careers, they are scoffing examples that for big-time mobsters, crime in America too often does pay -- and richly.

Title X will begin to correct that situation by implementing the principle, approved by the Department of Justice, the ABA, the National Council on Crime and Delinquency, the American Law Institute, and the President's Crime Commission, that the Congress should authorize one maximum sentence for ordinary offenders and a greater maximum for more dangerous offenders.<sup>2</sup>

Senator McClellan's high hopes for the Dangerous Special Offender law have proved unjustified. Only once in fifteen years has the Justice Department invoked it in a major mob prosecution to obtain an enhanced sentence. The use produced an appeal to the Supreme Court, which sustained the Act's constitutionality. *U.S. v. DiFrancesco*, 449 U.S. 117 (1980). Nevertheless, the Department has never used the statute again.

The LCN code of silence is not unbreakable, and the Title X Dangerous Special Offender law may be the key to breaking it with increasing frequency, as the case of Angelo Lonardo, underboss of the Cleveland LCN group, suggests. Convicted in a 1983 narcotics prosecution, Lonardo was denied appeal bond and sentenced to life plus 103 years. The 72-year-old mafioso found the prospect of ending his days in prison unbearable and began talking to the FBI. Ultimately in August 1985 he agreed to become a government witness and in November 1985 testified at the Kansas City trial of top LCN bosses and associates in the Las Vegas casino "skim" case. Lonardo gave the public the first inside account of the LCN's manipulations to elevate Roy Williams and later Jackie Presser to the presidency of the Teamsters Union. If the Dangerous Special Offender sentencing enhancement had been used consistently since 1970, numbers of other mafiosi might have been "turned."

Congress included the elements of Title X in the new sentencing statute in the Comprehensive Crime Control Act of 1984. The new sentencing commission should give due weight to these elements in order that proper sentences will be imposed in aggravated organized crime cases in the future as they have not been imposed in the past.

The Justice Department's prosecutors in the Organized Crime and Racketeering Section and strike forces are good at what they do: prosecuting and convicting LCN members and associates and putting them behind bars. But though their record is creditable, it is also clearly limited, demonstrating the inadequacy of the

criminal prosecution process in destroying organized crime, and the wisdom of Congress in providing additional civil remedies.

B. HOW CAN WE REFORM THE DEPARTMENT OF JUSTICE

In 1967 the President's Commission on Crime and Law Enforcement recommended that the Justice Department consider elevating the Organized Crime Section to division status. The Department declined to act. In 1969 Senator Tydings offered an amendment to the pending Organized Crime Control Act, but the Justice Department opposed and defeated the proposal. As a result, when the career prosecutors were handed the Organized Crime Control Act in 1970, they ignored for years the most powerful new weapon against organized crime in all its manifestations: the "RICO" provision. To this day, the Justice Department has failed to exploit the RICO civil provisions. The IBT Local 560 civil RICO prosecution, the first ever against a labor union, represents a fresh and encouraging break with the past. But until the Justice Department has both criminal and civil units within its organized crime attack forces, the very potent civil weapons will remain neglected.

If the President should assign full responsibility and authority to the Attorney General to execute a plan of attack on organized crime based on the strategy embodied in the 1970 Organized Crime Control Act, he could end decades of

bureaucratic lethargy, rivalry, and incoherence whose result has frequently been tragic.

Such a case was the 1975 prosecution of LIUNA official Bernard G. Rubin, a special International representative who also held offices in a district council, various locals, and benefit funds. Rubin was ultimately convicted of embezzling \$400,000 from union and benefit funds. Immediately after his indictment the Justice Department moved under the RICO provision for equitable pretrial orders in criminal cases to place the union and benefit funds under trusteeship. When the Labor Department declined to assist, pleading "lack of manpower" and raising questions of "statutory authority," the Justice Department abandoned the effort. The Laborers Union itself took no action to free the local union from criminal domination; instead, it sued the government's witness, Joe Hauser. Rubin was convicted in October 1975, with sentence stayed pending appeal. In a bond revocation hearing in October 1977 the Justice Department established that Rubin had embezzled an additional \$2 million after his conviction. Only then did the International impose a trusteeship on the Rubin-connected local and benefit funds. Coordinated federal action by both departments would have prevented such loss.

The Justice Department's failure to exploit civil RICO, dangerous special offender, and reporting grand jury provisions of the 1970 law was tragically manifest in the FBI's brilliant

five-year investigation code-named UNIRAC. The evidence revealed a pervasive and sordid pattern of payoffs, kickbacks, threats, intimidation and obstruction of justice along the East Coast waterfront from New York City to Miami. As Professor G. Robert Blakey has noted: "A 'racketeering' tariff had been added to every service or product being moved in commerce by the shipping industry, making American goods less competitive and American ports more costly. The victims included members of the union, who had placed their trust in its leaders, the stockholders of the companies, whose money was unlawfully paid out, and the American people, who had to pay higher prices for goods. In short, for a number of years the free enterprise system simply had not functioned on the east coast of the United States."

At a 1981 Senate Permanent Subcommittee on Investigations hearing Justice Department officials criticized sentencing practices of the judiciary because Scotto received only 5 out of a possible 20 years, considerable less than other defendants in other UNIRAC prosecutions. Yet the prosecutors had failed to file for enhanced sentence under Title X of the Organized Crime Control Act, so no appeal of the lenient term was possible. Nor did they ask the jury to return a special verdict allowed by the Act criminally forfeiting Scotto's positions in the ILA. And they failed to ask for criminal forfeiture of the proceeds of illicit transactions.

Had the Justice Department followed up the UNIRAC criminal convictions with civil RICO proceedings, the crooked businessmen and union officials might have been barred from the waterfront for life. Indeed, as the Commission hearing on labor racketeering learned, such a lifetime bar from union activity was negotiated as part of a 1984 plea bargain in criminal RICO convictions of Ivan Roman and Miriam Kuiland, president and secretary of a credit union of the independent International Shield of Labor Alliances. Under the RICO civil provisions federal judges have equity powers to bar corrupt individuals permanently from the collective bargaining process, in either union or management roles. Moreover, had a Local 560 type receivership been imposed on the ISLA local, the court-imposed trustee could have brought civil treble damage claims against faithless union bosses and their corrupt business allies. For once, union treasuries would have been reimbursed for their racketeering losses. The same approach in the Unirac case could have produced lasting reform.

Yet tragically, today this Commission finds little changed on the East Coast waterfronts and racketeers moving back to do "business as usual."

The inadequacy of the Justice Department's concentration on criminal prosecution and neglect of civil RICO actions was also apparent in the Sheeran-Boffa cases. This investigation grew out of the investigation into the disappearance of Jimmy Hoffa and

uncovered a nationwide conspiracy involving Fortune 500 corporations, top Teamster officials and locals, and the Genovese, Buffalino and Bruno LCN families, all of which shared the spoils of exploiting Teamster union members. According to Labor Department officials, the following IBT locals and officials were involved:

<u>UNION OFFICER</u>	<u>TEAMSTERS LOCAL NUMBER</u>	<u>LOCATION</u>
1. Francis "Frank" Sheeran	326	Wilmington, DE
2. Louis Pagan	901	San Juan, PR
3. Anthony Provenzano	560	Union City, NJ
4. Nunzio Provenzano	560	Union City, NJ
5. Salvatore Provenzano	560	Union City, NJ
6. Salvatore Briguglio	560	Union City, NJ
7. Gabriel Briguglio	560	Union City, NJ
8. Nicholas Robilotto	294	Albany, NY
9. Samuel Ancona	Joint Council 56	Kansas City, MO
10. Leroy Nunes	70	Oakland, CA
11. John Greeley	676	Camden, NJ
12. Vito Mango	413	Columbus, OH

Thus the conspiracy ranged from California to Puerto Rico, victimized thousands of Teamster members and their families, implicated scores and perhaps hundreds of corrupt union officials and corporate executives, and continued for more than a dozen years. Such major companies as Shell Oil, Continental Can, Inland Container, American Cyanamid, International Paper, Crown Zellerbach and Mobil Chemical Company used Boffa's "labor leasing" services to void the terms of their Teamster union contracts. Yet the July 1980 indictment had only seven defendants. The U.S. Attorney for Delaware explained to the press that the simple logistics of bringing all the defendants

and witnesses together in a Wilmington courtroom restricted the scope of prosecution. Even though Boffa, Sheeran and other defendants went to jail, their racket continues to operate -- right up until the time of the Commission hearings in April 1985, as our testimony showed.

Had the Justice Department engaged in genuine strategic planning in this case, using all the statutory weapons already at hand, it could have followed the criminal prosecution with civil actions to replace the corrupt Teamster leaders in every local and joint council with court-appointed trustees. These trustees could then have mounted their own civil RICO actions for triple damages against the ousted corrupt union officials and against the corporate employers who cheated Teamster members out of tens of millions of dollars in union wages and other benefits. LCN officials who shared the kickbacks and provided the secure network of "connections" through which Boffa and the IBT officials communicated could have been targeted in forfeiture actions to seize their properties. For example, members of the Provenzano group, Local 560 in Union City, New Jersey, received cash in excess of \$165,000 and an automobile from Boffa, all vulnerable to civil RICO divestiture or criminal forfeiture. Such a combined attack would have far greater effect than sending Boffa, Sheeran and a handful of their flunkies to prison.

Indeed, the time and testimonial record would seem ripe for the Justice Department to initiate a civil RICO action to place

the entire International Brotherhood of Teamsters under a court-appointed trustee. This trustee could in turn bring RICO actions for triple damages against the corrupt union officials, LCN bosses, and company officials who have cheated the union's members of hundreds of millions in lost wages and pension and welfare funds. Commissioner Thomas F. McBride, a former Department of Labor inspector general, suggested such a course to Justice Department representatives at our first hearing, and the Commission's testimonial record and studies amply support the conclusion. This Commission, the FBI, the Senate Permanent Subcommittee on Investigations, U.S. courts, and various state commissions have compiled an overwhelming record. It includes the testimony of former IBT President Roy Williams; a former LCN acting boss, Jimmy Fratianno, and an LCN underboss, Angelo A. Lonardo; and Teamster-LCN killer Charles Allen and "leg-breaker" Bobby Rispo. The testimony of Fratianno, Allen, and Rispo has been weighed by hundreds of jurors, who have found their testimony credible beyond a reasonable doubt, and returned criminal convictions against Teamster officials and LCN gangsters. In the past decade the LCN tradition of "omerta" has been shattered by these and other witnesses and pierced repeatedly by electronic surveillances, all under the vigorous, competent, and patient effort of the Federal Bureau of Investigation. The cumulative record is overwhelming. It is time to reap its fullest measure in behalf of the millions of Teamster workers and family members whose wages and savings are ultimately the trust of the United States government.

All these Justice Department problems and shortcomings will be immeasurably helped by raising the Organized Crime Section to division-status, and giving it both criminal and civil sections analagous to the present Antitrust Division structure. Once the Department has a cadre of civil attorneys trained and expected to exploit the weapons Congress provided in RICO's civil provision, many new lines of attack on organized crime will open up. The Department should move a step further and create task forces on the racketeer-influenced unions, industries, and collaborating companies.

C. THE REIGN OF TERROR

At bottom, the LCN rule of the "Bad Four" labor unions rests on killing and maiming and pure terror. As an ancient Chinese warlord expressed it, "Kill one, frighten ten thousand."

In July 1982 Joseph Salerno, Jr., told a New Jersey state Commission that the 10,000 member Atlantic City Local 54 was dominated by organized crime. His face hidden behind a screen, Salerno described how LCN Philadelphia boss Nicodemo ("Little Nicky") Scarfo exercised full control. Then Salerno was whisked off into protective custody. A month later, a stranger fired two bullets into Salerno's father. Investigators were unable to find the gunman, but Salerno Sr. understood why he'd been shot. From

his hospital bed he declared, "I want everybody, including Nicky Scarfo, to know that it's over now. My son is not going to testify anymore."

As boss of the HEREIU Local 226 in Las Vegas, Elmer "Al" Bramlet adamantly refused to let the International take over his local's health and welfare fund. LCN Associate Joseph Hauser, a mob expert on insurance swindles, testified before the Senate PSI that he was present when he, LCN associate Sidney Korshak and a Los Angeles HEREIU official who later became International secretary-treasurer, Herman "Blackie" Leavitt, tried to persuade Bramlet. Hauser testified Leavitt warned Bramlet that the Chicago LCN had ordered Hanley to merge Bramlet's fund with the International's. Korshak, according to Hauser, told Bramlet ominously, "You know something, Mr. Bramlet, I would listen to Mr. Leavitt, he makes a lot of sense." Bramlet, became very upset, ripped off his tie and asserted the funds would go to the International only over his "dead body." Leavitt responded, "You'll be six feet under the desert if this is not done."<sup>3</sup>

That is exactly where Bramlet wound up. In 1977 three men kidnapped and murdered him and buried him in the Nevada desert. His killers were caught, pleaded guilty, and sent to prison. HEREIU International Vice President Leavitt testified before the Senate PSI that Hauser was lying and the conversation never took place. Korshak refused to appear and said if subpoenaed he would refuse to answer on self-incrimination grounds. Dozens of jurors

in multiple trials have heard Hauser testify, and relied heavily on his testimony in convicting top gangsters and their associates, including New Orleans LCN Boss Carlos Marcello.

Within months of Bramlet's murder, his successor, Ben Schmoutey, merged the Local 226 fund with Hanley's international fund. In 1981 auditors discovered a \$30 million shortfall in the merged account and as a result some 25,000 Local 226 members lost automatic medical coverage for their spouses and dependents.

Three men were convicted for the murder of Bramlet. Interviewed in prison by Senate PSI investigators, one revealed information that strongly suggests Bramlet's murder was an LCN-contracted "hit."<sup>4</sup>

The plight of rank-and-file members, once their unions slip under the control of mobsters, has rarely been so vividly described as by Charles Allen, self-confessed killer and "strong arm" man who worked for LCN bosses Russell Buffalino and Tony Provenzano in Teamster and Hotel Employees and Restaurant Employees union locals in the Pennsylvania, New Jersey and Delaware areas. In 1982 testimony before the Senate Permanent Subcommittee on Investigations, Allen testified that the Bruno gang in Philadelphia and Provenzano gang in New Jersey shared control: "Ninety-nine percent of the time nobody is elected into a union in that area without Tony Pro's consent or Angelo Bruno's consent." Allen described his job working for the 10,000-member

HEREIU Local 54 of Ralph Natale and Albert Daidone in Atlantic City and the 2500-member IBT Local 326 of Frank Sheeran in Wilmington, Delaware.

Senator Rudman: What was your job, your responsibility, what were you supposed to do?

Mr. Allen: I actually did any thing I was told to do, from murder to selling drugs, from extortion to beating up people, hijacking. Whatever they told me to do, I did.

Chairman Roth: How were they able to assert this influence? Why didn't anybody run against their chosen candidates?

Mr. Allen: Take Frank Sheeran in Delaware. When anybody was going to run against him, myself and a few other guys would go down and give them a lot trouble, if not beat the hell out of them, and we discouraged them. At union meetings we would go there and not let anybody talk except for Sheeran, and we let everybody know we were with Frank Sheeran and if anybody was against him, they would get hurt.

Chairman Roth: So there was the threat of physical violence, if you ran against the candidates chosen by the "family?"

Mr. Allen: That is true.

\* \* \*

Chairman Roth: The historical record shows that once organized crime takes over a union, it never withdraws, that it is able to maintain its influence indefinitely. Is this true, in your personal observation?

Mr. Allen: That is the absolute truth, yes, sir.

Chairman Roth: What can be done by the law enforcement officials or Congress to change this? Do you have any recommendation or recommendations?

Mr. Allen: Probably not a damn thing, Senator. See, money is a hell of a thing. Once they see that money coming in, it is hard to put down, believe me.

Allen testified he was on three payrolls, getting about \$400 weekly from each, and made another \$20,000 to \$40,000 from

criminal activities of his own for a total of around \$150,000 a year. At the Sheeran-Boffa trial he testified he committed multiple bombings, arsons, beatings, two murders and three attempted murders at Sheeran's direction. Jurors heard a secret FBI recording of Sheeran's vice president giving detailed instructions to Allen to break the legs of a balky company executive as he left his home: "They really get the message when you get 'em at home," chortled the Teamster official.

To expect rank-and-file union members to overthrow such a regime is to expect the impossible. But it is not too much to expect of Justice Department attorneys armed with the civil and criminal provisions of the RICO statute.

Allen also told the Senate Permanent Subcommittee on Investigations how labor unions function to facilitate a wide variety of mob criminal activities:

Chairman Roth: Why do they pick on these particular unions?

M. Allen: Take the trucking outfits, for instance. If they grab two truckloads of cigarettes a year, you know, that is a lot money, and these truckers are set up. Say a truckload of whiskey, rare metals. I made a fortune myself on rare metals coming from Emory Air Freight, by tips to me. I put all these people at work at Emory, and when something good comes in I say I want that, get it for me, and I get it. That is the way things work with the union. When the boss wants something he's got it.

Chairman Roth: Are you saying the reason organized crime concentrates on -- you mentioned the Teamsters -- is because of the availability of money for their own purposes?

Mr. Allen: You got to figure, in hotels and everything, they have the loansharking. Any bartender that worked for [HEREIU local official] Ralph Natale would loan money out for him, and to certain people and they would stand for these people and he would be responsible for collecting the money paid out plus interest, and that is an awful lot of money, Senator.

In the Sheeran-Boffa-LCN racket, Teamster members sometimes had to pay bribes to their union officials or to Boffa's labor leasing officials to get or keep their job. As "leg breaker" Robert Rispo testified in his February 14, 1985, deposition:

"There were instances where guys had to pay money to work, to get the right to work, all right, and to stay working, you know. I mean --

Q: "Who would they have to pay, the union guy?"

A: "The union in some instances. Some instances our people. It all depended."

Q: "And, finally, there was always the threat and the actual employment of violence in certain situations against members who got out of line?"

A: "Oh, yeah, that was -- that's how you make the whole thing work. It was the whole fear theory that if you don't do it you're going to get hurt, you know, sometimes you might get hurt permanently. I mean, it's that simple."

#### D. CORPORATE RACKETEERING

From the earliest days of the American labor movement down to our own day, corrupt and rapacious businessmen have sought out racketeers and gangsters in preference to honest trade unionists for a simple reason: They can buy off the racketeers cheaper, in effect hiring their "muscle" to control their own employees by terror if need be.

Such was the case, for example, in the 1930s in the Chicago restaurant industry. This employer-gangster alliance left us the legacy of the Chicago LCN's control today of the Hotel Employees and Restaurant Employees International Union, which the Senate Permanent Subcommittee on Investigations has exposed.

In the 1950s the Great Atlantic and Pacific Tea company, foreseeing the inevitability of the unionization of its employees, struck such a corrupt bargain. The episode was exposed in the McClellan hearings in 1957, and recounted by Robert F. Kennedy in his book, The Enemy Within. For years A&P had fought off a number of unions that tried to organize its employees. When its rival, Safeway, signed a contract with the CIO Clerks Union setting a 40-hour work week, the A&P secretly arranged with Louis and Max Block of Meat Cutters Union to "sell" them some 10,000 unorganized A&P workers in return for a five-year contract guaranteeing a 45-hour week. The deal saved

A&P at least \$2 million, Kennedy reported, and the union got 10,000 new members and \$500,000 a year in dues.

The A&P paid dearly for bargaining with an LCN-connected union, however. The racketeers in the 1960s sought to expand their "connection" by using Teamster and Meat Cutter officials as "salesmen" for inferior products produced by LCN-connected businessmen. To its credit, the A&P resisted. The gangsters launched a multimillion dollar campaign of arson and murder which came close to wrecking the A&P in the entire Northeast. Public concern over this LCN reach to invade even the housewife's kitchen, via the supermarket shelves, contributed heavily to persuading Congress to adopt the 1970 Organized Crime Control Act, including the Racketeer Influenced and Corrupt Organizations law.

Corporate preference for corrupt unions and racketeers is not a thing of the past. As this Commission's probe of the Teamster-Mafia "connection" in the Boffa labor leasing scheme shows, major Fortune 500 companies even today have demonstrated a preference for deals with racket unions and mobsters if they can return their workers to "plantation days" wages and working conditions and disregard costly job safety requirements. The Boffa-Buffalino-Teamster-corporations linkage exposed at the Commission hearing shows the LCN functioning in a new light. It shows how the LCN may serve as a secret channel for organizing illicit cartels and conspiracies of businessmen and union bosses

whose secrets and silence are protected by murder. The willingness to maim and murder, to terrorize, coupled with the power to tempt the greedy with illicit profits and competitive advantage, is enough to bend or seduce many corporate executives and labor leaders, and to seal the lips of all but the boldest witnesses and co-conspirators.

The Commission's hearing record provides another shocking example of corporate collaboration with the LCN-Teamster combine to freeze out honest trade unionists and hijack their members. Witness Robert Rispo told how a courageous Teamster official, Frank Wood of Local 28 in South Carolina, refused to "do business" with the Boffa combine and ran Rispo out of his office. Rispo and Boffa used Roy Williams and Sam Ancona to try to pressure Wood, but when Rispo went back "at that point Frank Wood told me he don't care if I call Hoffa; to get the hell out of his office; he wasn't going to deal with us." So the next step was to get the company's transportation chief to shut down its operation in Wood's jurisdiction and move its drivers "up the road" into another TEAMster jurisdiction whose officials were willing to sell them out.

We should never lose sight of the fact that there are many, many honest and conscientious Teamster officials and clean locals whose welfare and reputations are damaged by the crooked officials in key positions and locations.

#### E. PROPOSALS TO CURTAIL RICO

Proposals have been introduced in Congress that would cripple the RICO law and the Commission's proposed marketplace strategy against labor-management racketeering. A bill by Representative Frederick C. Boucher (D-VA) introduced July 10, 1985 (HR 2943) would impose as a precondition for private party civil recovery under RICO a criminal conviction. The Commission's recommended marketplace strategy envisions a careful blend of criminal and civil sanctions analogous to that which has worked in the antitrust field so well; the vast preponderance of antitrust actions are filed by private parties. The marketplace strategy against labor-management racketeering requires for its success not only civil actions brought by the Attorney General, but follow-up civil suits by those injured by racketeering activities. Thus, after major criminal prosecutions and civil RICO actions, as in the Teamster Local 560 case, the Commission strategy envisions actions by trustees named by the courts to clean up racket unions bringing civil RICO suits for triple damages to recoup from the union racketeers and their management allies the losses sustained by union members, their general and pension welfare funds. Often the government does not indict or try culpable persons for irrelevant reasons: lack of prosecutorial resources, or the simple logistical impossibility of bringing all collaborators in a nationwide racketeering conspiracy together in a single courtroom. If trustees could sue

only those convicted criminally, the power of civil RICO actions would be substantially destroyed. Liberated unions' court-appointed trustees would be emasculated. No such limitation has been applied in the antitrust area by either congress or the Courts. A conviction requirement under civil RICO would, particularly in the labor racketeering field, "take from the statute a great deal of its power." Standard Sanitary Manufacturing v. U.S., 226 U.S. 20, 52 (1912). The Supreme Court has rightly recognized in the antitrust field that the Sherman Act, with its careful blend of public and private enforcement and criminal and civil sanctions, is as "important to the preservation of economic freedom and our free enterprise system as the Bill of Rights is to the protection of our fundamental personal freedoms." U.S. v. Topco Associates, Inc., 405 U.S. 596, 610 (1972). Civil RICO promises to perform a similar function in the area of violence and integrity in the marketplace. Any effort to curtail possible abuse of civil RICO ought to target the perceived abuse and not undercut the statute's basic design, thus frustrating its conceded primary mission: an attack on all fronts by all means against entrenched organized crime, corporate as well as union.

F. HISTORY OF CONGRESSIONAL ACTION

The long struggle of Congress to protect the freedom of the marketplace for America's workers, entrepreneurs and consumers has been, at bottom, a struggle against those who would jettison the ideal of free competition which promotes and rewards industry and merit and substitute corruption and violence. The Sherman Anti-Trust Act of 1890 was the first great milestone in the fight against cartels and conspiracies against freedom of trade.

In the mid-1930s Congress responded to growing chaos and crisis in the nation's industrial relations with two major pieces of litigation, the Coleman Act and the Wagner Labor Relations Act. In 1933 the Senate created the Copeland Committee whose chairman, Royal S. Copeland, launched hearings with the declaration that the conviction was widespread that law enforcement was breaking down and anxiety growing over the growth of kidnaping and racketeering. The Copeland Committee hearings documented that one of the most fertile fields of racketeering was the organized use of threats, coercion, intimidation and violence to compel payment for actual or alleged services in avoiding labor difficulties. In 1934 Congress adopted the first federal anti-racketeering statute, the Coleman Act.<sup>5</sup> It made use of threats or violence to obtain payments "in relation to any act in any way or in any degree affecting trade or commerce" a federal felony.<sup>6</sup>

Eight years later, in 1942, the Coleman Act came to the Supreme Court in United States v. Local 807.<sup>7</sup> The defendants were officials or members of the Teamsters Union in New York City. They had stopped nonunion drivers of motor trucks at the Holland Tunnel and other key entry points and demanded money equivalent to a day's union wage before permitting the truck to proceed. Violence and threats were used. The Court held these payments, even though induced by force and violence, fell within the statutory exemption of "payment of wages by a bona fide employer to a bona fide employee." Chief Justice Stone in dissent accused the majority of countenancing, in effect, what amounted to common-law robbery so long as it was committed by union members. Congress agreed, and in response in 1946 passed legislation introduced by Representative Sam Hobbs of Alabama. Debates made it abundantly clear the target was the Supreme Court's decision. "The sole purpose . . . is to undo the outrageous opinion of the Supreme Court in the Teamsters Union case," declared Representative Cox of Georgia. Others reiterated the argument. The House rejected an amendment of Representative Celler of New York to except cases where the payment sought by violence or threats was "wages paid by a bona fide employer." Hobbs bill supporters argued the Celler exception was substantially the same as the one in the 1934 act that "caused the error into which the Supreme Court fell." Also rejected was an attempt by Representative La Follette of Wisconsin to continue the 1934 exception in substantially the same form but redefine it to exclude any payments made in response to force and violence.

Thus the Hobbs Act went into effect in 1946 excluding the prior exclusion, and defining the terms "robbery" and "extortion" in considerable detail.

The Supreme Court in 1973 by a 5-4 vote again nullified Congress's effort to outlaw extortion under color of labor union activity. See United States v. Enmons, 410 U.S. 396, (1973). Four union members threatened to damage Gulf States Utility Company property. They sought to force the company to accede to the union's collective bargaining arrangement and to wage increases for their union's members. The Hobbs Act's language defines extortion as "wrongful use of actual or threatened force . . . under color of official right" to obtain money or property. Prosecutions typically arose from two basic situations: 1. Where union officials sought legitimate labor objectives, but used violence or threats; 2. Where union officials sought illegitimate objectives such as personal enrichment, but use more lawful means such as peaceful strikes. In Enmons, the Supreme Court defined the law's term "wrongful use" so that the Hobbs Act no longer applies to the first situation. The prevailing five Justices said the word "wrongful" in the act refers not to the violent means union officials use to obtain property or payment, but to the ends they seek. Thus only the second category of activity, use of threats or force for personal gain, is outlawed.

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With the 1935 Wagner Labor Relations Act, Congress sought to reduce the widespread industrial warfare racking the nation by providing affirmative protection for union organizing activity, encouraging union membership, establishing widespread collective bargaining, and providing for federal regulation of the bargaining process. The 1948 Taft-Hartley Act sought to correct what was perceived as an imbalance in the unions' favor and to refine other aspects of the 1935 Act. One major refinement was Section 14-B, which allowed states to forbid collective bargaining agreements including union shop or closed shop clauses. One effect, in those states with such laws, is to allow workers to quit or to refuse to join unions without losing their jobs, thus preserving a rank-and-file "right to strike" against racket unions and corrupt union leaders.

With these laws Congress made the union in a very real sense the employees' industrial government, and gave it power over their lives of a quasi-governmental character. In 1957 the Senate named a select committee to investigate the abuse of that power by union leaders for their own enrichment and the enrichment of allied gangsters and racketeers. The committee chairman was Senator John L. McClellan of Arkansas. The chief counsel was Robert F. Kennedy, and Senator John F. Kennedy was a member. The first two witnesses were two Oregon newspapermen who helped expose Teamster Union underworld connections. They were followed by some 1300 others in 250 days of testimony that filled 40,000 pages of hearing record. Via the then-new marvel of

nationwide television coverage the American people witnessed a parade of gangsters and goons and heard detailed testimony of their alliance with corrupt union leaders and their reign of terror in many union locals and some international unions. The result was the 1959 Landrum-Griffin Act, which set forth a "working man's bill of rights" and created procedures to insure democracy within the unions.

In 1970 Congress passed the omnibus Organized Crime Control Act, with its famed Title IX, Racketeer Influenced and Corrupt Organizations (RICO), which provided both criminal and civil weapons against organized crime. The prime author was Senator John L. McClellan, and much of the evidence compiled by his Senate Criminal Laws and Procedures Subcommittee in hearings before enactment dealt with labor racketeering. Much of that evidence showed that the hopes by those who passed the 1959 Landrum-Griffin Act were not being realized.

In 1971 Senator Robert P. Griffin testified before a Senate Labor Committee hearing on the United Mine Workers election fraud investigation. He passed a severe judgment on the courts and the Labor Department for failing to enforce the "bill of rights" for organized labor which he had helped write 12 years before. He charged laxity in enforcing provisions to prevent such abuses as the rigging of union elections, the misuse of funds, national union leaders depriving locals of their rights by such devices

as trusteeships, and arbitrary acts against members by officers.

Senator Griffin declared:

The Act was designed to guarantee democracy and to prevent corruption, violence and tyranny within unions. While the 1959 act has been most helpful to millions of workers, I am compelled to say it has fallen short of its aims -- at least as it has been interpreted and administered over the years by the Labor Department.

Not only have the courts given the letter and spirit of Landrum-Griffin far too narrow and restricted a construction, but over the past 12 years under four administrations the Labor Department has generally been timid and reluctant to give Landrum-Griffin the vigorous implementation and strict enforcement that Congress expected.

The Commission's investigations indicate that Senator Griffin's conclusion is still all too true in 1985.

#### G. PENSION AND WELFARE FUND PIRACY

Again in response to accumulating evidence of organized crime piracy of union pension and other benefit funds, Congress in 1974 enacted the Employee Retirement Income Security Act (ERISA). The record before Congress demonstrated that union benefit funds were targets for a wide assortment of labor racketeers, not all of them "connected" to the LCN syndicate. This is an important factor to recognize, since the Justice Department's Strike Forces have been demonstrated to be overly fixated on the LCN and inattentive to non-Mafia labor racketeers and other forms of organized crime.

Consider, for example, the tragic wholesale plunder of the Journeyman Barbers, Hairdressers, Cosmetologists and Proprietors International Union of America (AFL-CIO). In 1966 the union started a pension fund and with monthly contributions from 60,000 members it grew to millions. After a year the union's unchallengeable boss, President Joseph DePaola, engaged as "investment consultant" one Thomas Shaheen, a flashy financial operator.

Promising big loans from the Barbers' Union to near-bankrupt companies desperate for quick cash, Shaheen exacted rich "finders' fees" and other kickbacks. For a single loan to a California land company, he collected \$112,597 in fees plus \$25,000 in negotiable notes, consultant agreements worth \$144,000 and 100 acres of valuable land. High risk loans also went to a Reno gambling house and a professional soccer team. When one union officer, Secretary-Treasurer Edgar Sanders, openly protested, DePaola ordered his expulsion. And worried union members were told: "Not one penny has disappeared from your pension fund."

But in February 1971, a federal grand jury indicated DePaola and Shaheen on charges of conspiring to share kickbacks from the fund's loans. Last October, DePaola resigned his presidency, admitting he netted "about \$65,000" for conniving on 42 loans. Shaheen jumped \$50,000 bail and fled to Lebanon to live in luxury on his Swiss bank account. The two siphoned an estimated \$6

million out of the Barber's pension fund -- equal to nearly two full years of contributions by union members. Incredibly, DePaola, the man who opened the golden spigot, got off with a one-year jail sentence.

Pension and welfare fund vulnerability to piracy has not changed appreciably since ERISA's passage, as the Commission's investigation and analysis of the Department of Labor demonstrates. In November 1981 Jimmy Fratianno, at the time the highest Mafia executive to defect, testified before the House Select Committee on Aging. He described the crime syndicate's techniques for pirating pension and welfare funds. "All you do is find out who controls the money. Then you see if you can work out a deal," declared Fratianno. His various "deals" included bribing the union officers or trustees, paying kickbacks on loans or contracts to provide medical or dental services or insurance, and pressuring them through "mobbed up" superiors. "If all else fails, you break the guy's leg, or worse," explained Fratianno.

Fratianno, told Congress how in 1977 he used his Mob "influence" with Ohio Teamster boss Jackie Preseer, Teamster President Frank Fitzsimmons, and others to obtain a \$2.4 million-a-year contract to provide dental care to 8000 Teamster members in San Francisco. Much of their money would be divided among Fratianno's Mob associates, while the union members received far less costly dental care. Fratianno testified he was

also the Mob's kickback "arranger" for dental plans sold to unions in Ohio and Pennsylvania.

#### H. POLITICAL POWER AND ACCESS

The political power and access labor unions give mobsters was stunningly illustrated in the prosecution of Teamster's President Roy Williams for conspiring to bribe an influential U.S. Senate chairman. Evidence at the trial showed the conspiracy succeeded, and the racketeers managed to block critical trucking deregulation legislation requested by the President and of great economic benefit to U.S. consumers.

In January 1979 Senator Edward Kennedy sponsored the deregulation legislation requested by President Carter. The plot to block it was simple. That month, according to electronic surveillance evidence introduced at the trial, Williams visited Senator Howard Cannon (D-NV), chairman of the Senate Commerce Committee, and cut a deal: Cannon would fight Senator Kennedy, Judiciary Committee chairman, for jurisdiction over the legislation for his Commerce Committee. Then, as Williams explained to a fellow plotter, Cannon "put 'em on the back burner" for more than a year -- at vast cost to American consumers everywhere. Cannon's reward was to be allowed to buy a very desirable 5.8 acre tract of land owned by the Teamster Central States Pension Fund at a below-market price. Allen

Dorfman was to put \$200,000 into improvements, "We sat right there and committed ourselves," Williams said according to tapes introduced at his trial. But the plotters could not deliver because the Internal Revenue Service had forced the Teamster trustees to resign, replacing them with professional fund managers. The land sold in July 1979 for \$200,000 more than Senator Cannon was to have paid. Senator Cannon held hearings for the rest of the year, and on February 1, 1980, introduced his own less sweeping measure. This was the day the FBI's surveillance of Allen Dorfman's Chicago office ended, and a few days before news leaked that Senator Cannon was under investigation. The Chicago prosecutors reportedly recommended his indictment, but the Carter Administration declined. Williams, Dorfman, and Chicago Mafia "controller" Joey Lombardo were indicted on May 22, 1981. With the evidence spilling out of the Chicago courtroom, in November 1982, Nevada's voters defeated Cannon's bid for a fifth term. An Illinois jury convicted Williams, Dorfman, Lombardo and two pension fund trustees on all eleven counts in December 1982. At sentencing in March 1983, the presiding judge, Prentice H. Marshall, specifically upheld the Justice Department's contention that the International Brotherhood of Teamsters was under the control of organized crime: "I am convinced, clearly, unequivocally and beyond reasonable doubt that a structured organization exists, that it is broken down geographically and that various cities have their various bosses. I am convinced that, as the Congress has said, there is a domestic criminal cartel." He also stated that trial

evidence "supported the contention that he [Senator Cannon] was a participant" in the bribery conspiracy.

I- short, through a labor union and a corrupt U.S. Senate chairman, when it came to deregulation legislation sought by a President elected in part for that purpose, the Mafia managed to hijack the United States Government from its rightful owners, the people.

In May 1981, after IBT President Frank Fitzsimmons died in office, and as mafia families maneuvered behind the scenes to insure that Roy Lee Williams would be his successor, the Senate Permanent Subcommittee on Investigations rushed out a report spotlighting Williams's LCN ties. The Senators revealed a portion of the Justice Department's evidence that Williams was getting kickbacks of cash skimmed from Las Vegas casinos bought with Teamster pension loans, kickbacks funnelled through Nick Civella's Kansas City Mafia family. Nevertheless, the Teamster executive board elected Williams to fill the unexpired term, and the Teamster convention named him to a full term. The Kansas City Star quoted a knowledgeable observer of the city's underworld: "When Roy Lee Williams is given the mantle of power this week as president of the Teamsters union, Nick Civella's crime family will rise to new heights of power in the ranks of organized crime nationally."

In Washington six months later, in December 1981, President Reagan invited the already-indicted Williams as head of a delegation of 23 Teamster officials to the White House. Williams and the Teamster executive board were the first labor leaders the President met within his Administration. The political courtship of Mafia-connected union leaders has unfortunately, been bipartisan. President Lyndon Johnson invited ILA-Mafia capo Anthony Scotto to a White House bill-signing ceremony, and the photograph was widely published - and commented upon - in the press. Even Senator Robert F. Kennedy, former chief counsel to the McClellan Committee, gave Scotto a personally-inscribed photograph, which hung on Scotto's office wall to impress his ILA colleagues. Scotto had been a major force in organizing Brooklyn for the Kennedy campaign.

Before Ed Hanley took over the Hotel and Restaurant Workers International Union in 1973, it had made political contributions of approximately \$1,500 per year. By 1976, it spent \$135,418. Among the politicians given contributions or honorariums was Rep. Thomas P. "Tip" O'Neill, Jr. (D-MA), later to become Speaker of the House; without asking approval of the union's executive board, as he was required to do, Hanley authorized spending \$24,129 for a reception in O'Neill's honor during the Democratic National Convention in New York City that year. After O'Neill had won re-election, Hanley hosted another fete for him, this time in Miami, costing union members \$15,328.

Hanley continued to maintain strong ties to O'Neill after he became Speaker. HEREIU contributed to his campaigns and paid him to address its meetings in 1981 and 1982. When Hanley became chairman of a "charity" golf tournament in 1982 (less than 25 percent of the funds raised actually went to charity), he asked O'Neill to play in his foursome; the two teamed up again in 1983.

Politicians who thus embrace, figuratively, the leaders of organized crime-dominated unions do not necessarily have to "deliver" anything in return. The prestige and image of power they thus bestow is sufficient. It sends a "message" to honest trade unionists and rank and filers who might want to throw the rascals out: It's hopeless. They have friends in high places. You can't win.

That is the wrong message for public figures to send, and America's voters should make them pay a high price for it.

#### I. The Evidence Against Teamster President Jackie Presser

Teamster President Jackie Presser in his deposition before the Commission denounced the Cleveland Plain Dealer and this Commissioner for reporting sworn accusations he took payoffs on a \$5.2 million public relations contract between the IBT and a Las Vegas public relations company. He claimed the Plain Dealer "retracted" its story. In thus testifying about this matter,

Presser waived his right to the Fifth Amendment privilege and opened himself to questioning about it. The Commission declined to pursue the matter.

It is important, however, for both the Commission and the public to understand the factual background for it illuminates an emerging racketeering pattern in Presser's behavior.

Before Presser's public testimony, the Commission heard sworn testimony by former Teamster "leg-breaker" Bobby Rispo that he personally delivered an envelop of cash to Presser as payment for Presser's collaboration in the LCN-Teamster labor leasing scheme. Presser declined to answer all questions on the Fifth Amendment ground that truthful testimony would tend to incriminate him. Rispo's unrefuted testimony that he delivered cash to Presser, whereupon Presser instructed Boffa not to use Rispo again as his bagman, duplicates the pattern with Harry Haler exposed in the Plain Dealer.

In 1972, the International Brotherhood of Teamsters signed a four-year contract to pay \$1.3 million yearly to a Las Vegas public relations company, Hoover-Gorin & Associates, Inc. The contract commenced August 1, 1972. Hoover-Gorin was incorporated a week before it signed the contract. Prior to that time it existed as a partnership with two major principals: 1. Duke Hoover, who had had experience chiefly as a disc jockey and was working as a used car salesman. 2. Harry Haler, an organized

crime figure and veteran con man with numerous aliases and a criminal record stretching back decades including 14 arrests and three convictions (for forgery, fraud, and impersonating a federal officer). Haler was an associate of the West Coast La Cosa Nostra family. Thus, Haler was an ideal person to select if one wanted to set up a conviction-proof kickback scheme: His record and reputation as a consummate liar insured that a jury would hardly credit his testimony and indeed an ethical prosecutor could hardly present him as a government witness; and Haler certainly knew he would risk being murdered if he shaved his payments or came through late with them. Haler was also known to law enforcement authorities as a veteran underworld informer whose information often turned out to be fiction--and sometimes proved to be stunningly accurate and "hot". Haler was well connected to the inner circle of Teamster leaders, attended trustee meetings of the Central States Pension Fund, and was employed by Fund boss Allen Dorfman. The Hoover-Gorin firm existed only about a year before it landed the \$5.2 million IBT contract and until then it had made only about \$20,000 in gross billings. (Gorin was an inactive partner.)

On August 25, 1981, and subsequently, the Cleveland Plain Dealer published articles reporting allegations that Jackie Presser received about \$200,000 in kickbacks on the IBT public relations contract. The articles were reported and written by Mairy Jayn Woge and Walt Bogdanich. They reported that Haler had filed a lawsuit in a dispute over wages against Hoover-Gorin. In

an affidavit and deposition, Haler swore that he had received over 18 months payments of \$25,000 a month from the public relations company, kept \$8,500 each month to pay income tax on the money, and passed \$16,500 monthly along to Jackie Presser. Haler alleged that before Duke Hoover met with the Teamster board at La Costa Country Club, a Teamster-financed resort near San Diego, to propose the contract, Haler met with Jackie Presser at which time they agreed on the kickbacks. Haler said Hoover made the first payments to Presser, but later, he declared: "Jackie Presser told me he don't want Duke giving him the money." So, Haler said, he subsequently arranged to deliver the cash to Presser himself or through messengers.

Harry Haler's unsupported sworn statement was hardly impressive evidence. But the Plain Dealer presented other evidence that was. Its reporters interviewed four witnesses who corroborated Haler, including one who said he personally had delivered \$16,500 in cash to Jackie Presser:

1. Bert Leydekkers, who was Haler's banker, said Haler regularly deposited \$25,000 checks from Duke Hoover, and told the banker the money was in payment for obtaining the Teamster's contract. Leydekkers said he frequently authorized payment of large cash sums to two people Haler identified as his personal couriers. Leydekkers said he once had lunch with Haler and Presser.

2. Halder's former accountant, William Marin, confirmed that Halder paid taxes on monthly checks of \$25,000 which he received for about 18 months from Hoover-Gorin. Halder's deposition said he split the money, using \$8,500 to pay taxes on the kickbacks and passing \$16,500 to Jackie Presser.

3. One of Halder's money couriers told the Plain Dealer reporters he met Jackie Presser in the lobby of the Canyon Hotel Racket and Golf Resort in Palm Springs and delivered \$16,500 to him. "We went up to his room. He counted the money out. He said, "It's all here." He gave me \$35 to cover my expenses. The man is cheap," said the messenger. He added that he was present when two other payments were being arranged, one near San Diego and one in San Francisco.

4. Halder's cousin, Norton Schwartz, an employee of the Dunes in Las Vegas, told the Plain Dealer reporters he once delivered \$100,000 to Presser on behalf of Halder: "If I remember correctly, I think I delivered it to his office (in Cleveland)," Schwartz said. "As far as I know, it was a loan or something." At the end of the interview, Schwartz told the reporters not to quote him, adding, "If you do, I'll deny it."

The Plain Dealer also reported that the Hoover-Gorin Company paid \$2,000 a month each to two Cleveland gangsters who were reportedly members of the LCN family, one of them reportedly a high-ranking member. That was Anthony Liberatore, a Laborers

Union business manager who had served a 20-year prison term for killing two policemen--hardly your ordinary public relations consultant. The other was Thomas Lanci. Lanci was subsequently convicted, in 1978, for the murder of Danny Green, an Irish mobster and labor leader who was giving Cleveland's LCN family competition. Lanci and Liberatore collected their \$2,000 a month payments until they left the Hoover-Gorin payroll in 1974, the Plain Dealer reported. And both Lanci and Liberatore were also subsequently convicted of bribing an FBI file clerk to obtain secret investigative reports on the Cleveland mob. The Plain Dealer reported Anthony Liberatore was put on the Hoover-Gorin payroll because he introduced Haler to Jackie Presser and his father William E. Presser in 1970. (Liberatore's brother Hadrian John Liberatore of San Diego was an associate of Haler's and was listed by the California attorney general in 1978 as an organized crime figure operating on the West Coast.)

Jackie Presser hotly denied the Plain Dealer's report and his lawyer Joseph Climaco demanded a "retraction" under threat of a libel suit. The Plain Dealer also faced another threat: The Teamster Union members who delivered newsprint to its plant and trucked its newspaper to its readers belonged to Jackie Presser's Joint Council.

Days after the first Plain Dealer story appeared the Labor Department Inspector General investigators subpoenaed all Hoover-Gorin documents relating to its business with the IBT.

The Justice Department's Strike Force called Haler before a federal grand jury. In January 1982, Haler was indicted in California for wire fraud on charges he swindled two men, and in May 1982 he was convicted. The U.S. prosecutor called Haler "a man who is utterly corrupt." Presser's lawyer obtained in September or October 1982 a letter from David Margolis, Chief of the Justice Department Organized Crime Section and former Cleveland Strike Force member, which stated: "In regard to . . . an article which appeared in the Plain Dealer on August 25, 1981, alleging that Jackie Presser took a kickback from Hoover-Gorin & Associates, Inc., please be advised that the Department of Justice considers this matter closed." Margolis has explained that he issued this unusual letter because a Cleveland Strike Force attorney had made the equally unusual mistake of announcing to the press the initiation of an investigation into the matters reported by the Plain Dealer. Congressional sources report investigators who worked on the case have declared the investigation was shut down before some witnesses were pursued and subpoenas returned, with the result that it might have missed evidence that would have brought the kickback conspiracy forward beyond 1974. The Hoover-Gorin agency continued to get IBT business "until about 1978," according to the Plain Dealer. The statute of limitations is five years in such cases, and Haler's allegations of payments to Jackie Presser did not reach beyond 1974, more than six years before the Plain Dealer article appeared, a relevant point Margolis's letter did not state.

Climaco took Margolis's letter to the Plain Dealer, along with a prepared statement, and pressed his demand for a "retraction". The newspaper on October 10, 1982, published an article quoting Margolis's letter announcing the Justice Department's investigation closed. It reported Haler's 1982 conviction, and quoted Climaco's statement denouncing him and claiming, "The closing of this investigation vindicates Jackie Presser, who from the beginning denied that there was any truth in these allegations." The Plain Dealer article also quoted Executive Editor David L. Hopcraft that "reporters and editors who prepared the story adhered to the highest of journalistic standards in preparing the articles in question. The conviction and sentencing report on Haler came after the Plain Dealer articles. Climaco's characterization of Harry Haler and his recent conviction and the statements of federal authorities is correct." The Plain Dealer's article was hardly the retraction Climaco and Presser had demanded. But they did not sue.

Let us now review the evidence in the public domain concerning Presser.

1. Jackie Presser was made a power in the Teamster Union by his father, Bill Presser. Jackie Presser was given a charter for his Cleveland Local 507 and members of other locals were transferred into his to increase its dues income and economic power. Jackie Presser inherited Bill Presser's post as a Teamster international vice president because his father, in

failing health, appealed to the Executive Board to make his son his successor. The federal government has electronic surveillance evidence that Bill Presser was under the control of the Cleveland LCN family. The FBI recorded telephone conversations in which Cleveland Mafia Boss John Scalish issued orders in peremptory fashion to the elder Presser. Bill Presser also shared in Las Vegas "skim" kickbacks on Teamster casino loans, according to Angelo Lonardo's testimony in the Argent case. To analysts familiar with the operational code of the LCN, it seems evident that Jackie Presser inherited not only his father's post and power, but his obligations, including his obligations to the LCN crime syndicate.

2. Jimmy Fratianno, a Cleveland native and a Mafia member who was acting boss of the West Coast LCN gang, testified under oath on three occasions that the Cleveland LCN family owned or controlled Jackie Presser, and that he himself had direct dealings with Presser. Fratianno has been cross examined before juries by some of the nation's most expert criminal defense attorneys, and found credible; his testimony has been instrumental in convicting more than 25 Mafia figures.

3. Angelo Lonardo, former underboss of the Cleveland family now serving a long prison term, has told the FBI that his LCN group controlled Jackie Presser and arranged with other LCN families to elevate him to the IBT presidency when Roy Williams was forced to resign after his conviction.

4. LCN associate Henry Haller gave sworn testimony, corroborated by other witnesses and compelling circumstantial evidence, that he made payoffs to Jackie Presser.

5. Bobby Rispo, a key figure in the LCN-Teamster-corporate "plantation labor" payoff scheme, testified he personally delivered a cash kickback to Presser for his role in the scheme. Rispo's testimony is corroborated by the fact that Teamster officials participated in the scheme in Ohio, where Presser was the supreme Teamster boss.

6. Circumstantial evidence is compelling that the Front Row Theater deal which Presser himself admits made him a millionaire was a disguised payoff for Presser's help in facilitating Teamster loans to LCN front men to buy Las Vegas casinos.

7. Roy Lee Williams, Presser's predecessor as IBT president, has testified under oath that Presser both offered and solicited bribes, in one instance to "fix" a federal prosecution in Washington, and in the other to approve a Teamster pension fund loan.

8. Two "made" Mafia members who were informants told law enforcement officials in circumstances that make their information credible that Jackie Presser was "owned" or "controlled" by the Cleveland LCN family, and that the Mob could

arrange Teamster loans by using its control over Presser. The LCN members were William Molinaro, who was "made" in Cleveland but detached to the DeCalvacante family New Jersey and talked to a New Jersey State Police intelligence officer; and Frank Bompensiero, a capo and consiglieri in the California LCN family who reported to his FBI contact on a conversation about Presser with Chicago LCN members Anthony Spilotro and Alfred J. Pilotto.

9. The Commission received additional information that Presser received tens of thousands of dollars for "labor peace" in other circumstances.

In August 1985, after the Justice Department closed its grand jury investigation in Cleveland into the Jackie Presser "ghost employee" case without indicting Presser, the Commission sought Justice Department authorization to grant Presser limited testimonial immunity so that the Commission could question him about all these matters. It was the Justice Department investigation that Presser cited as his reason for "taking the Fifth" at the Commission's April, 1985 appearance to all questions, even though the Commission had given its assurance that it would not question him in matters related to the "ghost employee" investigation. Without any explanation of its reason for doing so, the Justice Department refused the Commission's request for authority to immunize Presser. It appears, therefore, that the only hope the American people have that all

these questions may be pursued lies with the Senate Judiciary Committee and Permanent Subcommittee on Investigations.

J. The Struggle for Union Democracy

Under the 1959 Landrum-Griffin Act, every union local must hold an election every three years for seven specified executive positions. Only the Secretary of Labor is authorized to file suits in United States District Courts to set aside elections which violate clearly established standards prescribed by law, to obtain authorization to conduct a new election, to remove illegally elected officers, and to protect the local's assets. The statute requires the Secretary prove by a preponderance of the evidence that the election violation "may have affected the outcome of an election." DOL has interpreted this language to require union members petitioning the Secretary to prove the events they complain about affected the election outcome.

The DOL has been anything but zealous in protecting the rights of dissenting candidates and their supporters. The most egregious case was that of the United Mine Workers election on December 9, 1969, in which President Tony Boyle defeated Jock Yablonski. Yablonski and his followers protested, but it was not until 1972 that the DOL compelled a new election on the ground the 1969 election was stolen by fraud and violence, an action taken only after the murder of Yablonski, his wife and daughter

by thugs hired by Boyle converted the case into a national scandal and cause celebre.

The DOL's Branch of Elections and Trusteeships, part of LMSA, maintains a docket of election protests but has never used it analytically to discern patterns of violation of union democracy. Apparently the protests are logged and forgotten.

When a union election is protested, the Labor Department investigates. If its officials refuse to act, aggrieved rank and filers and defeated candidates have no further recourse; they cannot appeal the departmental bureaucracy's decision to a U.S. district court. If the Labor Department decides to challenge the election, it may negotiate and the union may voluntarily submit to a new supervised election; or it may be compelled to do so by a court order.

A sample of recent years shows these levels of complaints and voluntary and court-ordered elections:

	TOTAL	Complaints	Voluntary	Court-ordered
1976	304	262	16	26
1977	299	252	22	25
1980	268	198	37	33
1981	305	248	23	34
1982	281	216	28	37
1983	236	167	26	43

The total protests of elections within the Teamsters Union for sample years is as follows:

1975	27
1978	25
1979	23
1984	25

SOURCE: U.S. Department of Labor

Congress should amend the 1959 act to empower defeated candidates to file suit in U.S. District Courts to contest disputed elections where the Secretary of Labor declines to do so.

The pressures and obstacles any rank-and-filer faces when he challenges mob-linked union power was demonstrated in the case of IBT member Jerry Bliss in Detroit.

Bliss is a "bullgang" member who unloads freight cars for a large supermarket chain and a member of IBT Local 337, whose president is Robert Holmes, an International vice president. In October 1980, Bliss ran for the No. 2 spot in Local 337 against Robert Holmes, Jr., the president's son, who was the incumbent with a \$60,000 yearly salary. Although during the campaign people were shot at and autos vandalized, Bliss won handily. But the election was effectively nullified. The Local 337 rulers cut Bliss's salary to \$6,000 and denied him the auto that went with the mob. They raised the defeated Holmes's salary by appointing him an "International organizer." Bliss was "locked out" of the union headquarters, denied a key to the office and a desk. Other officers ignored the bylaws requiring him as secretary-treasurer to sign all checks and approve expense accounts.

In 1983, Bliss challenged Holmes, Sr., for the Local 337 presidency. As the Local's 10,000 members are scattered in supermarkets, warehouses and plants all over the Detroit area, the union's newspaper and membership list are the only means of communicating. Denied access to these media, the challengers were unable to reach the electorate. In response to egregious evidence of just such tactics to nullify union democracy, Congress in 1959 wrote a specific provision of the

Landrum-Griffin Act, 29 U.S.C. § 481(c), laying a duty on every union local's officers "to comply with all reasonable requests of any candidate's to distribute mail or otherwise at the candidate's expense campaign literature in aid of such person's candidacy to all members in good standing" and "to refrain from any discrimination in favor of or against any candidate with respect to the use of lists of members." Candidates are given a right of access to the union member list, and to "equal treatment" in the distribution of campaign literature at union expense.

After Bliss announced his challenge of Holmes in May 1983, and Holmes announced his own candidacy, the union was by law required to refrain from discriminating between the candidates. Yet for months the union newspaper, "Team 337," devoted lavish space to laudatory articles about the incumbent Holmes and to columns by him and his vice-president. No mention was made of Bliss or his fellow challenger for vice-president. The Bliss forces sought injunctive relief, which was denied by a U.S. District Court, but granted by the Sixth Circuit Court of Appeals, 721 F2d 156 (6th Cir. 1983), with an order allowing them to make a one-time mailing with the union paying the postage as a counterbalance for the months-long campaign of publicity for their incumbent opponents.

The Bliss challengers faced another invidious disadvantage. The Department of Labor has always permitted business agents to

campaign on employer property on the ground their presence is necessary for union business and campaign activity is "incidental" to it. Employers at Local 337 work sites, however, permitted non-agents to campaign for Holmes, while Bliss supporters were denied similar access. The campaign was marred by violence, threats, and other coercive tactics. Bliss lost, 2,244 to 1,568 votes. More than 500 absentee ballots, most of them from plant sites where the insurgents were favored, were uncounted. The Department of Labor denied the challengers' appeal to set aside the election and conduct another.

At the Commission's Chicago hearing, former LIUNA Vice President Robert Powell testified how he was "persuaded" not to challenge Angelo Fosco and his LCN allies for the union's presidency. Powell got the "message" implicit in the murder of his friend Ben Medina four days after Medina challenged his Laborers' local leadership in Philadelphia; in the dead rats and pigeons placed in his car; and in the midnight phone calls threatening his life. Powell greeted the suggestion that union members might be able to clean their own house with these words:

"Until the United States Government clamps down on this situation and places these groups under trusteeship[s] and gets someone in there to operate those organizations, until the time it's turned back over to its membership, you will never clean it out--because as soon as you put one in jail, there is another one to step in his place. So let's not kid each other."

For fifteen years, the Justice Department's career

prosecutors and strike force attorneys have tried their "body count" strategy against the LCN, sending gangsters to jail while neglecting the other statutory weapons Congress has provided: RICO civil actions and trusteeships; criminal forfeiture of organized crime proceeds; dangerous special offender sentencing; and special grand jury probes and public reports. As Robert Powell suggests, we should stop kidding ourselves and the American people. The Justice Department's efforts of the last fifteen years have failed. It is time to try something new. It is time to put into action the full strategy Congress laid out in the Organized Crime Control Act of 1970. It is time to put federal grand juries to work on every corrupt union local in America, and to have them issue public reports of their findings. It is time to bring civil RICO actions against the Teamsters, Longshoremens, Laborers, and Hotel Employee and Restaurant Employees internationals, and to seek lifetime bars for their corrupt leaders and the corrupt businessmen who deal with them. And it is time court-appointed trustees replacing these racketeers brought civil suits to return to the union members the money stolen from their general, pension and welfare funds.

FOOTNOTES

<sup>1</sup>Testimony of Fred Asseline, Senate Permanent Subcommittee on Investigations, PROFILE OR ORGANIZED CRIME: GREAT LAKES REGION, January 25, 1984, page 11.

<sup>2</sup>Senator John L. McClellan, "The Organized Crime Control Act (S.30) or Its Critics: Which Threatens Civil Liberties?" 46 Notre Lawyer 55, at 146-148 (footnotes, omitted).

<sup>3</sup>HOTEL EMPLOYEES AND RESTAURANT EMPLOYEES INTERNATIONAL UNION, Report of the Senate Permanent Subcommittee on Investigations, August 27, 1984, pages 97-98.

<sup>4</sup>Ibid. pages 98-99.

<sup>5</sup>18 USC 420 (Supp. 1942)

<sup>6</sup>The history and appellate construction of this act is recounted in Brown, Peter Megargee, and Peer, Richard S., "The Anti-Racketeering Act: Labor and Management Weapon Against Labor Racketeering," 32 New York University Law Review 965 (1957).

<sup>7</sup>315 U.S. 521 (1942)

RESERVED

Pages 1 through 43.

1 PRESIDENT'S COMMISSION ON ORGANIZED CRIME

2 DISTRICT OF COLUMBIA

3  
4  
5 IN THE MATTER OF ROY L. WILLIAMS, )  
6 A WITNESS SUBPOENAED BY THE PRESIDENT'S )  
7 COMMISSION ON ORGANIZED CRIME )  
8 )

9 DEPOSITION OF ROY L. WILLIAMS, being produced,  
10 sworn, and examined on the 13th day of September, 1965,  
11 between the hours of 12:36 p.m. and 2:07 p.m. in the  
12 afternoon of that day, at Route 1, Leeton, in the County of  
13 Johnson, State of Missouri, before Jimmie Don Petty,  
14 Registered Professional Reporter and a Notary Public within  
15 and for the State of Missouri, in a certain cause now  
16 pending before the President's Commission On Organized  
17 Crime.

18  
19 A P P E A R A N C E S

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For The President's  
Commission on  
Organized Crime

22 Mr. Michael A. LeVota  
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For the witness, Roy  
L. Williams

1 (12:38 p.m., witness sworn by the Reporter.)

2 MR. RYAN: My name is Stephen J. Ryan. I  
3 am the Deputy Counsel of the President's  
4 Commission On Organized Crime. I'm here to take  
5 Mr. Williams' deposition at his home due to his  
6 advanced medical condition. Mr. Williams was  
7 subpoenaed earlier this year by the President's  
8 Commission On Organized Crime, and it is pursuant  
9 to that subpoena that this deposition is taking  
10 place.

11 Pursuant to the authority vested in the  
12 Commission under Public Law 98-368, and the  
13 agreement of Stephen Frott, the Assistant  
14 Attorney General of the United States, the  
15 Commission has the authority to compel the  
16 testimony of Roy L. Williams. And an order  
17 compelling Mr. Williams' testimony has been signed  
18 by a duly designated Commissioner of the  
19 President's Commission On Organized Crime.

20 Copies of all of those appropriate papers,  
21 including the authorization of the Assistant  
22 Attorney General and the order of the Commission  
23 compelling Mr. Williams' testimony, have been  
24 provided to Mr. Williams and to his counsel on  
25 more than one occasion.

1 Pursuant to that grant of immunity, Mr.  
2 Williams will know that whatever he says cannot be  
3 used against him to make a criminal prosecution  
4 possible, except insofar as Mr. Williams were to  
5 not tell the truth today, and were to commit  
6 the offense of perjury, in which case his  
7 statements could be used against him.

8 And I will explain to Mr. Williams, or his  
9 attorney will, that he is now under oath and he  
10 has the duty to always tell the truth here in this  
11 proceeding. And if he has any questions  
12 concerning the nature of the oath or the things  
13 that I have just said concerning immunity, then he  
14 should speak with his counsel.

15 Mr. Williams has counsel present today, and I  
16 would ask him to identify himself. And if he has  
17 any preliminary matters that he wants to take up,  
18 to put them in the record.

19 MR. LEVOTA: My name is Michael A. Levota.  
20 I represent Mr. Roy Williams. My office is in  
21 Kansas City, Missouri at Suite 1209 Penttower,  
22 3100 Broadway, Kansas City, Missouri. Our  
23 telephone number is area code 816, 756-3434.

24 I am appearing on behalf of Mr. Williams and  
25 act as the primary counsel for this deposition,

1 out that I am also co-counsel with Thomas Wadden  
2 of Washington, D.C., who's also retained and  
3 has had some communications on behalf of Mr.  
4 Williams with the Commission in arranging these  
5 matters.

6 This deposition is pursuant to sealed  
7 Memorandum Of Understanding between the Commission  
8 and Mr. Williams. And we want to make two, what I  
9 will call continuing objections throughout the  
10 deposition.

11 Number 1, we want to make a continuing  
12 objection that these questions may be the product  
13 of illegal electronic surveillance, and in  
14 violation of Mr. Williams' Fourth Amendment Rights  
15 to illegal search and seizure.

16 Additionally we want to make a continuing  
17 objection that the composition of the President's  
18 Commission On Organized Crime may -- is in our  
19 opinion illegally constituted because it  
20 represents a violation of the separation of powers  
21 in that members of the President's Commission On  
22 Organized Crime are of the judiciary, and in that  
23 regard we believe -- Excuse me. Are of the  
24 judiciary and of the executive and, therefore,  
25 together constitute a violation of the

1 constitutional provisions that require separation  
2 of powers.

3 That's all I have to -- Additionally, it is  
4 my understanding that I will be furnished, and Mr.  
5 Wadden and Mr. Williams will be furnished with a  
6 copy of this deposition once it has been duly  
7 recorded under the rules of the Commission.

8 Is that correct?

9 MR. RYAN: I have several comments. First,  
10 with regard to obtaining a copy of the deposition  
11 transcript, it is permitted, and you can obviously  
12 do what you will with your copy of the transcript  
13 when you receive it.

14 MR. LeVOTA: All right.

15 MR. RYAN: Second, I'd like to place into  
16 the record a five page document which I have  
17 labeled Exhibit 1, and which has my initials in  
18 the upper right hand corner, which is a copy of the  
19 Sealed Memorandum Of Understanding Between The  
20 President's Commission On Organized Crime And  
21 Roy L. Williams. The document contains the papers  
22 that we have been discussing today.

23 (Exhibit No. 1 filed at end of transcript.)

24 MR. LeVOTA: Is that document and this  
25 deposition going to be considered, quote-unquote,

1 under seal as that term is normally used? This  
2 isn't the unsealing of those documents, is it?

3 MR. RYAN: The unsealing of the documents  
4 is governed by the agreement that's in here, and  
5 also by the fact that until a disclosure is  
6 authorized by the Commission pursuant to  
7 its rules, no copy of this deposition can be  
8 released to the general public. It does mean that  
9 at such time as the Commission should decide and  
10 vote to make it public, if they choose to, they  
11 would then become a part of the public record.

12 MR. LeVOTA: Okay. We would then interpose  
13 only one objection, and that is -- or one request  
14 of the Commission. And that is, due to the fact  
15 that this is of a very sensitive nature, due to  
16 the fact that it may impact on Mr. Williams'  
17 safety, physical safety and personal safety, due  
18 to the fact that he is now scheduled to go back to  
19 prison, we would request that before it be  
20 unsealed and made known to the public that we be  
21 given some kind of pre-warning, some kind of  
22 opportunity to make some -- some kind of objection  
23 so that it does not become part of the public  
24 record until we have some -- some adequate notice  
25 that it is going to be, and an opportunity to be

1 heard.

2 MR. RYAN: I'll take your request under  
3 advisement. I want to reply very briefly on the  
4 two particular points raised as continuing  
5 objections. First, on the electronic surveillance  
6 issue, I'm aware of no illegal electronic  
7 surveillance concerning Mr. Williams. I have been  
8 furnished with only such electronics information  
9 as has been already tested in the prosecution case  
10 against Mr. Williams in the Northern District of  
11 Illinois.

12 All of the information contained there that I  
13 have in my possession, or have received, is  
14 electronic surveillance to which Mr. Williams was  
15 not a participant to the particular conversation  
16 and hence would have no standing to object. I am  
17 the person at the Commission who would receive  
18 information concerning Mr. Williams, and hence I'm  
19 aware that the Commission does not have in its  
20 possession any information which would violate the  
21 electronic surveillance statutes of the United  
22 States.

23 On the matter of the separation of powers, I  
24 would point out merely that Judge Kaufmann and  
25 Justice Stewart, the two members of the judicial

1 branch on the Commission, have played no part in  
2 the decision to either subpoena Mr. Williams or to  
3 pursue the matter in the manner that the  
4 Commission has chosen to. We have no doubt that  
5 the Commission is in any case constitutional, and  
6 the two court decisions, since this issue was  
7 first raised, have indicated the Commission  
8 subpoenas will be upheld. And I refer to the case  
9 of Stephen Tse in Boston, Massachusetts,  
10 who's incarcerated for contempt of this  
11 Commission, and who raised the very same points  
12 subsequent to them being raised in the United  
13 States District Court in Florida in the 11th  
14 Circuit. And he is still incarcerated by a  
15 decision of that Court.

16 Second, that Robert Cantazaro, another  
17 contemnor --

18 THE REPORTER: Contemptor?

19 MR. RYAN: Contemnor.

20 MR. LeVOTA: Could you spell out those two?

21 MR. RYAN: I will. Mr. Cantazaro remains  
22 incarcerated. And the decision holding him in  
23 contempt was recently reviewed and approved by the  
24 United States Court of Appeals for the District of  
25 Columbia. Based on this, and the -- what we

1 believe is the incorrect decision reached in the  
2 Scaduto case, we believe we do have more than  
3 adequate powers to rely on the appropriateness of  
4 our subpoena and the constitution of the  
5 Commission.

6 For counsel's benefit, Tse is spelled T-s-e.  
7 And there's an initial printed decision at 743  
8 F2d 722. The subsequent decision concerning the  
9 Scaduto matter is not as yet published.

10 MR. LEVOTA: 778 --

11 MR. RYAN: 748 F2d 722. And the Cantazaro  
12 opinion is so recent that I think it would not be  
13 available in the court --

14 MR. LEVOTA: Cantazaro?

15 MR. RYAN: C-a-n-t-a-z-a-r-o. With that,  
16 I'm prepared to begin the deposition.

17 ROY L. WILLIAMS

18 a Witness of lawful age, being produced, sworn, and  
19 examined on the part of the President's Commission On  
20 Organized Crime, deposeth and saith:

21  
22 DIRECT EXAMINATION

23 BY MR. RYAN:

24 Q Mr. Williams, would it be correct to say that you have  
25 not wanted to give this deposition because you are

1           afraid of what people in organizations known  
2           alternatively as La Cosa Nostra, or the Mob, or  
3           organized crime, what they might do to you as a result  
4           of your testifying either before a presidential  
5           commission or court of the United States?

6           A    I have certain fears; yes.

7           Q    Do you fear for the physical safety of yourself or  
8           members of your family as a result of your knowledge of  
9           these other individuals?

10          A    Yes, I do.

11          Q    Sir, I'd like to ask you some preliminary questions.

12                    would you tell me when you became a truck driver  
13           and how long you were actually a worker as opposed to  
14           representing workers in the union movement?

15          A    I went to work driving a truck in late 1934. I  
16           continued to drive a truck until I was inducted in the  
17           Service in April of 1942, I believe it was. Prior to  
18           that time then -- I mean after that time, I went to the  
19           Service, went to the Army, and was shipped overseas to  
20           the -- what they called the E.T.O., European Theater  
21           of Operations. I was over there 30 something months.  
22           Came back in 1946, in April. Went back on my truck --  
23           Well, I went back on my truck until 1949, in September,  
24           I believe.

25          Q    We will understand that any dates you give us are

1 approximate and to the best of your memory at this  
2 time.

3 A Huh huh. And I was then requested by then Harold  
4 Therien, who was an international organizer for the  
5 Teamsters Union, of which this area was part of his I  
6 guess you would call it controlled area. He approached  
7 me to go to work for the Teamsters Union in Wichita,  
8 Kansas. I went to Wichita, Kansas then. Came off of  
9 my truck, went to Wichita, Kansas, and went to work for  
10 Local 795, in September -- I believe it was September  
11 1, of 1949.

12 Q From that day forward until the time of your  
13 resignation from the Teamsters presidency, you were an  
14 officer and employee of the Teamsters?

15 A Yes. Not in Wichita though, but --

16 Q In various places?

17 A Yes. I have --

18 Q During your war time service is it correct that you won  
19 a Silver Star under battle conditions in Europe?

20 A I had five Bronze Stars and a Silver Star.

21 Q When did you first meet Jimmy Hoffa, who was ultimately  
22 to become president of the Teamsters Union?

23 A In 1948 -- Excuse me -- '36. I was on the negotiating  
24 committee, and met him in Chicago. I was still a  
25 driver, still hadn't went to Wichita, but I met him as

1 the Chairman of the Negotiating Committee for the  
2 Central States Highway Drivers' Council in Chicago at  
3 the old Shoreham Hotel.

4 Q So it was clear to you that you wanted to be active in  
5 union affairs then even before the war time period?

6 A No, I don't believe. For the reason being, I -- I was  
7 still a truck driver and didn't even know what it  
8 consisted of. And it took me a long time to learn the  
9 transition period as to the difference. But, yes, I --  
10 I did want to be a business agent, and did accept the  
11 job in Wichita, Kansas.

12 MR. LeVOTA: One quick question, and that  
13 is: Was it '33 or '48 that you met Hoffa? Before  
14 the war or after the war?

15 THE WITNESS: Before the war.

16 MR. LeVOTA: Okay; fine.

17 Q (BY MR. RYAN) Did there come a time when Mr. Hoffa,  
18 or other people, promoted you to an -- and appointed  
19 you to be the president, under a trusteeship, of a  
20 particular local?

21 A In, uh, the month of March of 1952, they had a strike  
22 of the Kansas City members of Local 41. That local, at  
23 that time, was under trusteeship. Fitzsimmons was here  
24 representing Hoffa to help in the negotiations. Hoffa  
25 was in Hot Springs, Arkansas getting over a double

1 hernia or something. Anyway he called and told him to  
2 get hold of me -- No. He called me and asked me to  
3 come to Kansas City to help out the strike. The strike  
4 lasted 29 days, if I remember right.

5 And after that time, uh, I was asked by Mr. Hoffa  
6 to come in and take over Local 41 as a trustee. And  
7 for me to go to Wichita and get whatever authority I  
8 needed from that local union to come to Kansas City and  
9 take over as trustee under a man, at that time, by the  
10 name of Frank Brown.

11 Q And did you indeed leave the Wichita area --

12 A Yes.

13 Q -- and become an officer of Local 41 here?

14 A Not an officer until -- Under our constitution you must  
15 be a member of that local union for two years before  
16 you can officially, uh, be an officer as such. But I  
17 was there as an appointed officer by the International  
18 Union under trusteeship.

19 Q Did you decide to remain then in the Kansas City area  
20 after coming in to take over Local 41?

21 A In 19 -- ummm. Early in -- well, let me answer it this  
22 way: I have got two dates mixed up. When this strike  
23 was over they asked me to stay in Kansas City and take  
24 over this local under Frank Brown. The local remained  
25 under trusteeship until I became eligible to run for

1 president. And then they released the local union out  
2 of trusteeship, and me -- and made me then, with --  
3 Hoffa was here. He conducted the election. And under  
4 our constitution you must have your dues paid. At that  
5 time it was have your dues paid two years in advance  
6 before you was eligible to run.

7 Hoffa wanted to enforce that rule at the time that  
8 I was being nominated. That local had been in a  
9 terrible turmoil for a long time. And I insisted that  
10 Hoffa waive those rules and let anybody run that had  
11 been a member two years. And that was what he finally  
12 done, and they elected a whole slate of officers. And  
13 I was the only one that went in without any opposition.  
14 And I believe that was in 1954, I believe.

15 Q At some point during this period, when you were in your  
16 first several years in the Kansas City area, were you  
17 invited to join a group, an informal group of four  
18 other individuals, who would in effect decide certain  
19 aspects of what Kansas City life would be like?

20 A I don't quite --

21 MR. LeVOTA: Political life?

22 THE WITNESS: -- understand your question.

23 MR. LeVOTA: Do you mean political life?

24 Q (BY MR. RYAN) Did you join an organization, or group  
25 of persons, who controlled the political life of the

1 Kansas City area?

2 A I understand your question now. We had -- At that  
3 time, Kansas City-Jackson County was operated without a  
4 charter on a, un, democratic coalition where you had a  
5 western judge, an eastern judge, and a presiding judge.  
6 And those three gentlemen run Kansas City and Jackson  
7 County. And we all had political clubs.

8 Uh, I believe we had -- Of course, they had  
9 several more before they broke it up, but I think we  
10 had seven political clubs. And the Teamsters had a  
11 club of their own. They were also affiliated with  
12 other clubs, but we had a club of our own, and I  
13 represented them in that coalition.

14 Q Who were the other individuals who were selected, along  
15 with you, to make up the overall club that would decide  
16 on political candidates in this area?

17 A Mr. Bill Cerman, who was the mayor of Independence,  
18 Missouri; Mr. Nick Civella, who had a club in North  
19 End--I believe they called it the North End Political  
20 Club; Tim Moran, who had a club downtown--I don't know  
21 exactly where the address was; and myself.

22 Q Was Mr. Gross also involved?

23 A Sam Gross, excuse me. And he was with the Carpet  
24 Layers at that time.

25 Q And the Dyers Union, did he represent the Dyers Union?

1 A Cleaners and Dyers.

2 THE REPORTER: I'm sorry?

3 THE WITNESS: Cleaners and Dyers Union

4 Q (BY MR. RYAN) Was it through this association that  
5 you got to know Mr. Nick Civella?

6 A Yes, sir, it was.

7 Q Did you ultimately come to understand that Mr. Civella  
8 headed a criminal association, the Mob, in the Kansas  
9 City area?

10 A Yes, I did.

11 Q Did you have an ongoing relationship with him then for  
12 several decades, from these early meetings, going into  
13 the 1950s, '60s, '70s, and into the time of his death?

14 A Yes, sir.

15 Q Did you meet with him periodically throughout those  
16 decades?

17 A Yes, sir.

18 Q Was Nick Civella your main link to any organization  
19 known as La Cosa Nostra, the Mafia, or the Mob, in this  
20 country?

21 A Yes, he was.

22 Q Did you benefit from this relationship with Mr.  
23 Civella?

24 A Are you talking -- What kind of benefits?

25 Q Just yes or no.

1 A Yes.

2 Q Did you benefit from this relationship?

3 A Yes.

4 Q You benefited financially?

5 A Yes, sir.

6 Q You benefited in the sense that Mr. Civella promoted  
7 your career with the Teamsters?

8 A Yes.

9 Q He spoke to people on your behalf?

10 A Yes, sir.

11 Q For his part of the relationship, Mr. Civella also  
12 benefited, did he not?

13 A Yes, sir.

14 Q And he benefited because occasionally he would seek to  
15 have certain persons, that he wanted to find jobs for,  
16 associated with the union, and you would help them find  
17 a job?

18 A Yes, sir.

19 Q He would seek to influence your judgment in certain  
20 matters related to the organization and continuation of  
21 the Teamsters and its pension fund, the Central States  
22 Pension Fund?

23 A Not at that time he didn't, because the fund wasn't  
24 formed.

25 Q But ultimately --

1 A Yes.

2 Q -- over the course of the relationship?

3 A Ultimately, that's right.

4 Q And there was no doubt in your mind, within the first  
5 several years of your relationship, that you knew that  
6 Nick Civella was involved in what we will call the mob?

7 A Yes.

8 Q And that he was a leader of that organization in the  
9 Kansas City area?

10 A Yes, sir, he was.

11 Q Now, did Mr. Civella also have a personal relationship  
12 with Mr. Jimmy Hoffa?

13 A Yes.

14 Q would you describe the relationship of Civella and  
15 Hoffa?

16 A Well, to the best of my knowledge, uh, Hoffa used to  
17 come to Kansas City, and he used to see Mr. Civella.  
18 The same thing held true, that Civella would go to  
19 Chicago, and they would have a meeting in Hoffa's  
20 suite. I would say that they had -- they met  
21 frequently. Uh, I was never invited to any of their  
22 meetings, so I don't know what was talked about.

23 Q But with your knowledge that Mr. Civella was a leader  
24 of organized crime in this area, you knew Mr. Hoffa  
25 then had at least that relationship to organized crime

1 in this country?

2 A As far as -- Detroit was where I understood that he had  
3 a relationship with them.

4 Q In addition to Mr. Civella, he also had a relationship  
5 with Detroit organized crime figures?

6 A Yes, sir.

7 Q And you understood that he had an ongoing relationship  
8 with organized crime in Detroit?

9 A Yes, it's my understanding.

10 Q Did you ever question Mr. Civella about his  
11 relationship with Jimmy Hoffa?

12 A I don't believe I ever did.

13 Q Okay. When did Jimmy Hoffa become president of the  
14 union?

15 A The Teamsters?

16 Q (Nodding head up and down.).

17 A He became president, I believe, in 1957. I'm not sure  
18 if it's -- Yes, in 1957.

19 Q Prior to that time, Dave Beck had been the president of  
20 the union?

21 A From 1952 until 1957.

22 Q But even while Mr. Beck was president, Jimmy Hoffa was  
23 clearly a figure of great power within the union? One  
24 that -- that didn't show on an organizational chart,  
25 but you knew he was the power behind Dave Beck?

1 A Uh, yes, I'm sure that's true.

2 Q Beck was ultimately convicted of a crime and left union  
3 office, and Hoffa took his place?

4 A I don't believe it happened just that way. But --

5 Q Not in that order?

6 A But, un, Dave, uh, didn't run -- Dave, un, Beck didn't  
7 run in '57, and Hoffa did. And Hoffa had some  
8 opposition from, oh, Chicago local unions, and some of  
9 the rest of them, which was ultimately worked out.

10 Right after Hoffa was elected, the International  
11 Union went under a monitorship from the government, and  
12 it remained under monitorship, I believe, for two  
13 years, of which they monitored everything that went on.  
14 Then after that time, un, they released the monitorship  
15 and we went back under self-control.

16 Q How would you describe the relationship of Hoffa to the  
17 mob? Would you say that the mob had a powerful hold  
18 over Hoffa?

19 A I think so. I believe I would have to give that  
20 illustration of it. It's a little hard just to say  
21 yes, because I have no proof other than the activities  
22 that, un, was going on.

23 Q But that was certainly the impression --

24 A Yes, it was.

25 Q -- that was created? For example, he had dealings with

1 people in New York, who were known --

2 A Yes.

3 Q -- or at least believed to be members of the Mob?

4 A Yes, he did.

5 Q Both the Jewish Mob and Italian Mob in New York?

6 A Well, I don't know how many they've got, but I do know  
7 he met with them.

8 Q From your many years of experience with the Teamsters,  
9 you did form an impression that the New York, or the --  
10 at least the northeastern area had segments of the Mob  
11 that seemed to have ethnic characteristics; is that  
12 correct?

13 A I would say yes.

14 Q And that there were Italian mobsters?

15 A I don't know whether they were all Italians or not, but  
16 I do know it was made up --

17 Q There were some Italians, there were some Jews?

18 A I think so; yes.

19 Q And there were some Irish?

20 A That's normally the way New York is separated out  
21 anyway.

22 Q And in fact, the ethnic characterization of the New  
23 York area carried over into what you understood to be  
24 the structure of the criminal syndicate there?

25 A Yes.

1 Q At least insofar as it affected the Teamsters?

2 A As far as I know; yes.

3 Q Now Hoffa had a relationship with Nick Civella and  
4 Detroit. He also had relationships in other places  
5 with other people?

6 A As I understand it; yes. He --

7 Q For example, he had an important ongoing relationship  
8 with Tony Provenzano in New Jersey?

9 A Yes, sir.

10 Q Mr. Provenzano was someone you knew or you believed,  
11 based on your years of experience, to be involved with  
12 the Mob?

13 A Yes.

14 Q And indeed Mr. Provenzano was a vice-president of the  
15 union?

16 A Yes, sir.

17 Q Those international vice-presidents are important  
18 because they formed the executive board of the union?

19 A That's right.

20 Q What are the functions of the executive board?

21 A The functions of the executive board is we have a  
22 meeting every three months, or oftener if we have got a  
23 lot of problems. And we go over the financial report  
24 and go over the organizing report. You get reports  
25 from people in the automobile industry, you get reports

1 from here and there. We also sit down and talk  
2 politically sometimes of who would be the best person  
3 to support in running for an election.

4 Q Including the President of the United States?

5 A Yes. Yes.

6 Q Okay.

7 A And, uh, well, just the general run of business so that  
8 the right hand knows what the left hand was doing, so  
9 that you can direct a big organizing campaign by  
10 everybody knowing what they had to do.

11 Q It's also correct that the Teamsters President is  
12 invariably chosen from the vice-presidents on the  
13 executive board?

14 A I believe that that's always been that way, I believe.

15 Q In between, the executive board is the entity that has  
16 the power to run the union?

17 A Yes, sir, along with their constitution.

18 Q Returning to Hoffa's relationships, he also had a  
19 relationship to certain of the New York Mob, in  
20 addition to Provenzano?

21 A I understood that.

22 Q Did you also understand that in certain cases he  
23 benefited people, who were known or believed to be  
24 associated with the Mob, by setting up what are  
25 so-called paper locals?

1 A Yes.

2 Q Would you just describe what a paper local is, and now  
3 Hoffa might have worked with someone to set something  
4 like that-up?

5 A well, I don't know exactly how to describe it, however,  
6 I think it's -- a local union takes seven people to  
7 create a charter of a local union. The International  
8 Union then would issue a charter and give it a number.  
9 And through those seven people he would give them  
10 authority to organize different places and, un, they  
11 called them just locals on paper. That's what they  
12 called them. And I don't know how many they were but,  
13 un, that's what I understood a paper local was, was  
14 seven people. That makes up an executive board.

15 Q In effect it gives someone in the paper local the right  
16 to obtain a salary?

17 A Yes.

18 Q The right to obtain legitimate employment when they  
19 really have none?

20 A Well, they don't have no work to do.

21 Q Did these contacts with the mob, to the best of your  
22 knowledge, seem to benefit Hoffa financially?

23 A Sir, I couldn't tell whether it did or not.

24 Q Did you have a general impression that -- that they  
25 probably did result in him receiving some financial

1 benefit?

2 A With his type connections it very well could have been,  
3 but I can't put my finger on who or what. But I would  
4 say I'd have to answer the question yes.

5 Q It also benefited him in the sense that he was more  
6 powerful because of his associations with these people?

7 A Well, he was very powerful.

8 Q But this was part of the power that he had?

9 A I think that's right.

10 Q Was there ever a time where this relationship between  
11 Jimmy Hoffa and the mob had led to him being out of  
12 favor with a particular group?

13 A Based on, uh, the knowledge of him talking to me on  
14 occasion, yes.

15 Q Would you describe now, on one circumstance, he told  
16 you that he had very serious problems with aspects of  
17 the mob?

18 A He -- As I said earlier, we used to take little walks  
19 at night and outline what went on during the day.

20 MR. LEVOTA: Was this during your -- while  
21 you were negotiating contracts?

22 THE WITNESS: Yes, negotiating contracts.  
23 And it could have been just a meeting where the  
24 Teamsters all met. And, uh, he told me that  
25 maybe we shouldn't go, because he said, "I have

1           some problems I think I'll straighten out all  
2           right, but I don't know whether they are  
3           straightened out, and you should walk behind me."

4   Q   (BY MR. RYAN)       What did you understand by him telling  
5           you to walk behind him?

6   A   I don't know, unless he was looking for some kind of a  
7           so-called hit.

8   Q   Clearly that was the impression that he created with  
9           you?

10  A   Yes.

11  Q   This was a possibility that he might be murdered by  
12           organized crime?

13  A   Well, it led me to believe that; yes.

14  Q   That was the impression that was created for you?

15  A   Yes.

16  Q   This was while he was the Teamsters President, not  
17           afterwards?

18  A   I think it was before he actually become president,  
19           because he was Central States -- head of Central States  
20           for years before the president.

21           MR. RYAN:       Let's go off the record.

22                   (Off the record discussion had.)

23  Q   (BY MR. RYAN)       Does it refresh your recollection if I  
24           tell you that just prior to this we had discussed  
25           whether this was in Chicago, Illinois?

1 A Yes, sir.

2 Q And do you recall that indeed it was leaving the hotel  
3 in Chicago, that he made this statement to you?

4 A Yes, sir.

5 Q Okay. Now Mr. Hoffa was not the only one who ever  
6 received death threats from the Mob.

7 Do you know, at any point, whether Mr. Fitzsimmons  
8 had received such a threat, or did you have the  
9 impression that he had received threats from the Mob?

10 A I believe, yes. Yes.

11 Q In fact, there was an occasion when he turned to you  
12 and he said, "I'm in worse trouble with Detroit than  
13 Jimmy Hoffa ever was"?

14 A That's right.

15 Q And he was conveying there were threats either on his  
16 life --

17 A Yes.

18 Q -- or his family from organized crime?

19 A That's the way I understood it.

20 Q Did you have the impression that Mr. Fitzsimmons feared  
21 these people?

22 A I think the same as I did. Yes, I think there was a  
23 fear there.

24 Q And do you think it affected his judgment and decisions  
25 in a general sense that they created this fear?

1 A It could have. It could have very easily.

2 Q You know Mr. Hoffa's power was such that even after he  
3 was sent to prison and convicted, he was still making  
4 major decisions about the union; at least initially?

5 A I would say that would be right.

6 Q And indeed, one of the decisions he made while he was  
7 in prison and communicated with one of his lawyers to  
8 Mr. Fitzsimmons, who was the president at that time,  
9 was that you and other individuals should be made  
10 vice-presidents, international vice-presidents?

11 A That's right.

12 Q Who were the individuals that Hoffa indicated should be  
13 added to the executive board?

14 A Myself, uh, Joe Morgan, and Ed Larson

15 Q And this message was sent from prison to Fitzsimmons?

16 A It was brought to me, and it looked like his  
17 handwriting.

18 Q So the answer is probably --

19 A I would say yes.

20 Q -- yes?

21 A I would say yes.

22 Q Did Mr. Hoffa later, after his sentence was commuted,  
23 have problems with organized crime again?

24 A I really can't say that he had problems, because I  
25 wasn't close to him at that time. He -- I only saw him

1 twice after he got out.

2 Q For example, in those two conversations you had with  
3 him, did he indicate that he and Tony Provenzano had  
4 had a falling out?

5 A Yes. Tony told me first, but Hoffa followed it up  
6 later.

7 Q Mr. Provenzano had been incarcerated with Mr. Hoffa in  
8 the same federal prison?

9 A Yes.

10 Q And at that time something happened in their  
11 relationship which caused them to dislike one another?

12 A Yes, sir.

13 Q Mr. Hoffa was attempting to regain control of Local  
14 299, and ultimately of the union itself, when he was  
15 killed; is that correct?

16 A Yes, sir.

17 Q Did you ever have a conversation with Mr. Hoffa where  
18 you attempted to mediate the disputes between him and  
19 Mr. Fitzsimmons, who was the president?

20 A Yes, sir, I did.

21 Q And President of Local 299?

22 A Un, no, not then he wasn't, because he resigned as  
23 president of 299. Fitzsimmons, I mean.

24 Q Where were you successful in mediating those disputes?

25 A No, sir, I was not.

1 Q Do you have any doubt in your mind Mr. Hoffa was killed  
2 to keep him from regaining power in the Teamsters  
3 Union?

4 A I wouldn't know any other reason, so I would have to  
5 say yes.

6 Q And do you believe, based on what you know from your  
7 years of experience with the Teamsters, that he was  
8 indeed murdered by members of organized crime?

9 A The only thing, uh, Mr. Ryan, that I am going to say is  
10 that he didn't get in no stranger's car that day at the  
11 cafe. I don't know who came up to get him, or  
12 anything, but he would have never got in your car if he  
13 didn't know you. So in my opinion, it had to be people  
14 from the Teamsters Union, or organized crime, that he  
15 was associated with and probably had conversations  
16 with.

17 Q Indeed many people associated with the Teamsters, but  
18 certainly not all, had the same associations with  
19 organized crime?

20 A Yes, sir.

21 Q Now before Mr. Hoffa died, and in fact while he was  
22 still the president of the union, did he ever indicate  
23 who he considered his man to be at the Central States  
24 Pension Fund?

25 A Yes, sir. Mr. Dorfman.

1 Q And how did he tell people that Allan Dorfman was to  
2 play this role?

3 A There was a question raised when Dorfman kept coming to  
4 the regular meetings of the pension fund, and Hoffa  
5 told them then that he was representing him as a  
6 consultant.

7 Q And there's no doubt in your mind that Dorfman, at that  
8 time and later, had some strong relationship to the  
9 organized crime group in Chicago?

10 A Yes, sir.

11 MR. LEVOTA: Yes, sir, there is no doubt?

12 THE WITNESS: There is no doubt in my mind.

13 Q (BY MR. RYAN) In general would you also agree  
14 there's no doubt that organized crime was able to  
15 direct, on certain occasions, that loans be made from  
16 the Central States Pension Fund which would benefit  
17 members or associates of the organized crime groups?

18 A I think that would be a true statement; yes.

19 Q Now while Mr. Hoffa's leadership saw a very centralized  
20 and powerful individual controlling the Teamsters, I'd  
21 like to you to contrast Mr. Fitzsimmons' leadership of  
22 the Teamsters.

23 A The first meeting that I ever attended when -- after  
24 Fitzsimmons became the -- Only at that time they called  
25 him general vice-president, because that was a new job

1 created under the constitution that Fitzsimmons was  
2 elected to. And he said, "Now if you fellows think  
3 that I am going do work as hard as Hoffa, you are  
4 crazy, and you fellows are going to have to run your  
5 own business because I don't have time, I'm running the  
6 International Union."

7 And he said that, "I'm not going to be a business  
8 agent for all of you guys. You guys are going to have  
9 to run your own business." I knew then that he wasn't  
10 going to try and be another Hoffa, because Hoffa  
11 injected himself in -- into your business, my business,  
12 or anybody else's without your knowledge.

13 Q When Mr. Fitzsimmons adopted this particular management  
14 style, it pleased many of the people --

15 A Very much.

16 Q -- who are members of the executive board?

17 A Very much.

18 Q They wanted to run their own areas of the country?

19 A That's right.

20 Q In the discussion you have used the word fiefdoms to  
21 describe the way they structured themselves.

22 A Yes.

23 Q Would you describe what those fiefdoms looked like?

24 What were the fiefdoms that you had in mind?

25 A I don't think I ever used the word. I don't even know

1           what it means.

2                   MR. RYAN:       Let's go off the record.

3                           (Off the record discussion had.)

4   Q   (BY MR. RYAN)       For example, did Mr. Provenzano create  
5           a power basin in Local 560, which was then the most  
6           powerful local in northern New Jersey, and which led to  
7           the creation of a Provenzano vice-presidency?

8   A   Yes, sir.

9   Q   And indeed, a member of the Provenzano family was on  
10          the executive board for couple of decades?

11   A   Yes. Tony, and then Sam.

12   Q   Similarly power locals in different areas, some  
13          associated with the mob and some not, generated these  
14          kind of power bases that led to an executive board  
15          member being created for them -- or appointed for them?

16   A   Yes. It created a vacancy there, or an appointment;  
17          yes.

18   Q   Some of the vice-presidents had, to your impression and  
19          knowledge, some relationship with the organized crime  
20          groups in their own areas; isn't that correct?

21   A   Yes, sir.

22   Q   For example, Mr. Bill Presser, in Cleveland, had some  
23          relationship that you understood to exist with the mob?

24   A   Yes, sir.

25   Q   Mr. Holmes, in Detroit, may have had some relation?

1 A He may have, but I don't have -- He's always very quiet  
2 and -- and, uh, I never heard him, uh, being boisterous  
3 about it or anything, so I -- I'd have to question  
4 whether he was or whether he wasn't.

5 Q You have no questions about Mr. Andy Anderson?

6 A Andy Anderson? I don't know about the mob, but he was  
7 certainly controlled by Korshak.

8 Q And Sidney Korshak is an individual who was believed,  
9 by you, to be a person associated with the Mob?

10 A Yes.

11 Q Or a member?

12 A Yes.

13 Q We have already talked about the Provenzanos.

14 What about Joe Morgan? Have you ever heard that  
15 Joe Morgan has some relationship with the Mob in the  
16 Southern Conference?

17 A I think I would say yes.

18 Q And in describing that, would you -- would you say it  
19 was because at times they appeared to be representing  
20 interests other than just simply themselves and their  
21 members?

22 A Yes.

23 Q In addition to Mr. Morgan, and Mr. Anderson, and Mr.  
24 Provenzano, did you ever have that impression  
25 concerning Mr. McCarthy?

1 A No, I didn't. I didn't know that much about his  
2 territory, but he seemed to get along all right, so I'd  
3 have to say that he probably did too. But I don't know  
4 for sure.

5 Q Now the New York vice-president was always taken from  
6 Joint Council 16; is that correct?

7 A Yes. The fellow that died--and I can't think of his  
8 name right now--he was the vice-president. Tom Flynn  
9 was a vice-president. And Joe Treretola was told he  
10 had to run for election in Joint Council 16 before  
11 Hoffa -- before Hoffa could appoint him as  
12 vice-president.

13 Q And you had no doubt, based on your many years of  
14 experience with the Teamsters, that Joint Council 16  
15 contained a number of organizations that were either  
16 controlled or influenced by organized crime?

17 A Yes, sir.

18 Q So that any vice-president coming from Joint Council  
19 16, whether he himself was a member or associated with  
20 organized crime, would have to have the tacit approval  
21 of those mob organizations?

22 A Yes, I'd have to say.

23 Q Would it be correct to say then that all of these  
24 vice-presidents, that we have discussed, may have had  
25 some common denominator of relationship to organized

1 crime in addition to their being leaders of the  
2 Teamsters?

3 A Yes, I would say that.

4 Q What was your impression of the degree of organized  
5 crime influence in the northeast of the United States  
6 then, and while you were president of the Teamsters?

7 A It would be awful hard for me to say because I turned  
8 everything over, that happened in Joe Treretola's space  
9 to him, or to Sam Provenzano, or to Billy McCarthy, and  
10 I didn't actually get into it. And they only held one  
11 meeting, uh, to reappoint Joe as head of the Eastern  
12 Conference. And that was someplace in Carolina at a  
13 resort.

14 Q You chose essentially not to be active --

15 A Yes.

16 Q -- in that particular part of the union?

17 A Yes, I did.

18 Q And part of the reason you chose to be inactive in that  
19 area was because of the mob dominance of certain  
20 locals?

21 A Yes, sir.

22 Q You chose deliberately that you would not try and  
23 change the world, so-to-speak, and affect their control  
24 of those areas?

25 A Yes, sir.

1 Q And in fact, we are at a point where for 30 - 40 years  
2 some of those locals in the northeast of the United  
3 States have been controlled by organized crime?

4 A Well, after I got into the Teamsters as an official I  
5 would say that that would be true. I didn't know  
6 nothing about it prior to that time.

7 Q So from the period of say 1950, when you became a  
8 Teamsters officer --

9 A Yes.

10 Q -- until the time you left the International  
11 Brotherhood of Teamsters presidency, you knew of the  
12 significant relationship of organized crime to  
13 different locals in the Teamsters?

14 A Yeah. I couldn't name the locals, but yes, I think  
15 they were influenced by them.

16 Q There were locals in St. Louis that had organized crime  
17 influence?

18 A Yes.

19 Q There were locals in Chicago?

20 A Yes.

21 Q There were locals on the west coast of the United  
22 States?

23 A Yes.

24 Q There were locals in the New York and New Jersey area?

25 A Yes.

1 Q There were locals in Philadelphia that were associated  
2 with organized crime?

3 A Every big local union I think had some connection with  
4 organized crime.

5 Q So --

6 A Some smaller local unions, I'd say they didn't know  
7 what the word was, but larger ones --

8 Q So that organized crime's connection was usually to the  
9 largest and most powerful of the Teamster's locals?

10 A Yes, sir.

11 Q In that sense would you describe the International  
12 Brotherhood of Teamsters as a racketeer influenced and  
13 corrupt organization?

14 A Well, I -- I have a hard time trying to answer that,  
15 uh, recognizing I'm under oath.

16 Q Let me help you.. I would agree with you that there are  
17 certainly large areas of the Teamsters Union, and large  
18 numbers of Teamsters leaders, who are not associated  
19 with or members of organized crime.

20 But would you, in turn, agree that the  
21 International Brotherhood of Teamsters is racketeer  
22 influenced?

23 A Yes, I would.

24 Q And that important decisions in the Teamsters cannot be  
25 made without regard to the control of organized crime

1 with major locals in the IBT?

2 A Well, they get their authority from some place; yes.

3 And it would have to be from them, I would say.

4 Q So that any Teamsters president, sitting where you sat  
5 for several years, has to take into account that  
6 portions of his union are under the control of  
7 organized crime and not under his control?

8 A Yes.

9 Q Do you think it's possible that someone sitting in that  
10 chair could significantly change and disrupt the  
11 activities of organized crime?

12 A Not without having a bigger organization than they got.  
13 They was here a long time before any of us ever got  
14 here, and they have got pretty powerful. And you  
15 fellows haven't been able to do nothing with them  
16 either.

17 Q And they remain extremely powerful today?

18 A Yes, they do.

19 MR. RYAN: Let me take a two minute break.

20 MR. LEVOTA: All right.

21 (Brief recess taken from 1:34 p.m. to 1:38

22 p.m., after which time the following was had:)

23 Q (BY MR. RYAN) Mr. Williams, you have indicated that  
24 you resented, and resented for decades, the emphasis of  
25 law enforcement and of congressional critics on the

1 Teamsters Union.

2 Isn't it well known within the labor movement that  
3 certain other unions and international unions are  
4 controlled by organized crime?

5 A Yes, sir.

6 Q From your decades of experience in the labor movement,  
7 generally what are some of those unions?

8 A Well, I'd only be guessing because I don't never hear  
9 nothing about them.

10 Q Based on your experience as a labor leader, rather than  
11 what you have read in the newspapers, what do you know  
12 to be some of those organized crime --

13 A Well, I think the Hotel and Restaurant Workers, un,  
14 have many many problems with their pension fund, and  
15 several other things. Uh, the, uh, Iron Workers and  
16 the Laborer's have been highly criticized by some of  
17 you people.

18 Q But what is your impression, Mr. Williams? I'm not  
19 interested in what the government's impression is.

20 What is your impression?

21 A I think you are a little hard on all organized unions,  
22 because we came from nothing. When I came to Local 41,  
23 they had 1300 people; that's all. And when I left  
24 there, we had better than 10,000. And organized crime  
25 didn't put them all in there. We had to do something

1 good for the people, but we never get no credit for  
2 that. And that bothers me just a little bit.

3 Q I'd like --

4 A But other than that, that's all I wanted to say about  
5 it. I just got a little disgusted that every time  
6 everybody points their finger at the Teamsters.

7 Q But do you think that the Teamsters may have created  
8 that in some ways by having Jimmy Hoffa, who made  
9 himself the arch nemesis of the McClellan Committee,  
10 and created that impression in the public?

11 A Anything he stated in the McClellan Committee never put  
12 him in jail. He done that himself.

13 Q Let's talk about another president of the Teamsters;  
14 your successor, Mr. Jackie Presser.

15 A Hun hun.

16 Q Now you have had a relationship with Mr. Presser for  
17 several decades?

18 A Not young Presser; no, sir.

19 Q When did you roughly meet -- when, in time, did you  
20 roughly meet Jackie Presser?

21 A I probably met him ten, 12, 14 years ago when his dad  
22 brought him in the labor movement. And he and I had a  
23 conversation, because I had a daughter that was hooked  
24 on dope, and he did too, and we became very friendly on  
25 that subject of trying to clear those items up. Uh,

1 his dad, uh, when he resigned -- Why he resigned, I  
2 don't know, as vice-president, and on the pension fund.  
3 His dad asked me to talk to Fitzsimmons to appoint  
4 Jackie in his spot.

5 Q And did you indeed?

6 A Yes, I did. I worked at it, and Fitz did appoint him.

7 Q So ironically you are the one who made it possible for  
8 Jackie Presser to make a vice-president?

9 A He might have anyway, but Fitz was little reluctant at  
10 the time I talked to him.

11 Q Bill Presser, Jackie's father, was a powerful leader in  
12 the conference in Ohio?

13 A Yes, he was. He was recognized as such.

14 Q You have no doubt, as you have indicated before, that  
15 he had a relationship with organized crime?

16 A I think definitely he did.

17 Q Did his son inherit that relationship?

18 A I don't know whether he inherited it or not. He got  
19 crossways with some of them because of what he told me.

20 Q Would you describe your conversation with Jackie  
21 Presser that indicated to you that at times he had  
22 either a relationship or a problem with the Mob?

23 A He was in San Francisco one time after he became  
24 vice-president, and I was getting a lot of static, as  
25 the president of the union, "Why all of the big thugs

1 around Jackie Presser?" And I'm not arguing that they  
2 were good guys. I don't know whether they was  
3 connected with anything or not, other than they were  
4 members of the Teamsters. And I got Jackie in a corner  
5 and asked him, because at least I was trying to find an  
6 answer for some of these questions.

7 And he told me that the Mob was split in  
8 Cleveland, and he's afraid that he picked the wrong  
9 side. Now, that's how come I know that he knew  
10 something about them. And I asked him why he had the  
11 body guards. We talked about other things, if they  
12 want you they will get you no matter how many body  
13 guards you have got, this kind of thing. But that's as  
14 far as this conversation went. And I noticed he didn't  
15 bring everybody anymore after that. That is, all of  
16 them. He always had three or four.

17 Q Let's talk about one particular individual whom you  
18 know, and you know that Jackie Presser knows, and  
19 that's Eugene Boffa. When, approximately, did you meet  
20 Eugene Boffa?

21 A We was at -- in Florida for a board meeting, and it  
22 would have had to have been in the winter time. That's  
23 the only time we went down there. And we were meeting  
24 at the Diplomat Hotel. And I kept seeing this guy  
25 with, uh, Sammy Prov (phonetic), and with Jackie

1 Presser, and with Bill Presser, and I was a little  
2 curious as to who he was, and I asked Sam Provenzano  
3 who he was.

4 Sam then brought him up and introduced me to him  
5 as a labor consultant of which he worked very close  
6 with in his area, and they found him to be honorable  
7 and truthful. "And if he ever gets any business in  
8 your particular part of the country, why he's a good  
9 fellow that you can deal with and straighten out  
10 problems so you don't have to strike", and so forth.  
11 That's how I met him.

12 Q He was, in effect, sponsored around to other Teamsters  
13 leaders by Presser?

14 A Yes.

15 Q And by Provenzano?

16 A Huh huh.

17 Q Was Boffa also a friend of Sam Ancona's?

18 A I found that out later, yes, because Sam rented some  
19 cars from him or some durn thing. And at a later time,  
20 whenever Boffa would come into Kansas City, you would  
21 see him with Sam. I didn't even know he was there.

22 Q Was there ever a time that Boffa tried to give you some  
23 object of value, or money?

24 A Yes.

25 Q Would you describe that, please?

1 A Yeah. He offered me two diamond studded c. & links,  
2 and I told him I didn't wear cuffs and that I had no  
3 use for the cuff links, and I thanked him very  
4 politely." He insisted again a time or two, and I told  
5 him no, I didn't want them.

6 Q In general terms did you find out that Mr. Eugene Boffa  
7 and his son, Robert Boffa, who were running a labor  
8 leasing business, were using your name with other union  
9 leaders?

10 A I heard that later, yes. I never knew it at the time.

11 Q Did you find out that was indeed correct, that they  
12 were using your name with other labor leaders?

13 A When -- I jumped his son about it, and he was in  
14 Rockford at the time. And that boy from Rockford told  
15 me that everybody -- the Boffas was throwing my name  
16 around because of my I guess you would call power  
17 within the Central States area where they were trying  
18 to get established.

19 Q To digress for one minute, before you became the  
20 Teamsters' President, you were certainly one of the  
21 more powerful leaders in the Teamsters, were you not?

22 A I think I was considered as such; yes.

23 Q And your power extended to the control of the Central  
24 Conference of Teamsters?

25 A Yes.

1 Q So that the industrial heartland of this country was an  
2 area that you were responsible for union contracts and  
3 for the union activities there?

4 A Well, my responsibility included that; yes.

5 Q So that when your name was being used by these people,  
6 that would have some powerful effect on a local union  
7 organizer, or a local union business agent?

8 A Yeah. They said, "I'll go to the phone and call him",  
9 you know.

10 Q Were the Boffas seeking favors from these local union  
11 business agents?

12 A Well, they was trying to sell -- or trying to get the  
13 unions to agree to a lesser contract than what was in  
14 the particular industry. And that's when I told Boffa  
15 in Springfield, that if he couldn't come up with the  
16 rest of, uh, 245 people, then to get the hell out of  
17 there.

18 Q So that that decision affected Boffa's ability to  
19 operate in your areas, but not necessarily in areas  
20 under the control of Provenzano --

21 A No.

22 Q -- or Presser?

23 A Never -- well, as far as I know it didn't have any  
24 effect on them at all. I didn't like Boffa. He was a  
25 boisterous guy, and he walked in swinging his shoulders

1 to make you think he was something. My experience with  
2 so-called labor leasing people that don't have any  
3 employees is, uh, not very good.

4 Q On two occasions Jackie Presser offered you bribes.

5 Would you describe the bribe that he offered you  
6 regarding a criminal prosecution?

7 A He never offered me any particular bribe, uh -- bribe.  
8 He said it could be profitable to us.

9 Q Okay. Would you describe the one where he sought money  
10 from you with regard to a criminal case?

11 A Yes. That was the one on the criminal case where he  
12 wanted \$10,000 to fix a -- a case where I was indicted  
13 on and a trial hadn't come up yet. And when I first  
14 heard about him having anything to do with it, he said  
15 "Oh, just forget that case, it's not coming to trial.  
16 They are going to withdraw that", or something to that  
17 effect. And he said that if he had \$10,000 he could  
18 get the damn thing fixed.

19 MR. LeVOTA: What year was that?

20 THE WITNESS: It was my next to the last  
21 trial here in Kansas City, but I don't know -- I  
22 was indicted in '61 -- '70 -- wait a minute.  
23 Anyway it was one that took four days for the jury  
24 to find me not guilty.

25 MR. LeVOTA: Okay; fine.

1 Q (BY MR. RYAN) You have no doubt in your mind that  
2 Hoffa -- Excuse me -- Presser solicited \$10,000 from you  
3 with the promise that he could get the case dropped?

4 A That's right. And he was going to talk to somebody by  
5 the name of Shapiro.

6 Q Shapiro?

7 A Yeah. I don't know where he was from. He sounded --  
8 He talked like he was from Washington. I don't know.

9 Q The second occasion when Presser indicated that you and  
10 he could financially benefit from a relationship, would  
11 you describe that?

12 A That was on the Tropicana Hotel. The loan was never  
13 made.

14 Q Was this in approximately 1974 or '75?

15 A I would -- It would be awful close in there. I  
16 wouldn't want to pinpoint the date, but I believe it  
17 was in that period.

18 Q Presser was supporting someone who either wanted to  
19 obtain a loan and purchase the Tropicana from Central  
20 States, or --

21 A I -- That's the way I understood it to say -- or  
22 understood him to say. That "We could both make some  
23 money if you guys would go along and get this loan for  
24 these people." And I didn't know who they were. We  
25 got two letters on it; two requests and two rejections.

1 Q Where were you when Presser made this request that you  
2 assist and benefit in this way?

3 A Probably in Chicago. I'm not sure.

4 Q And these were for monies from the Central States  
5 Pension Fund?

6 A They was -- The loan was to go from the pension fund;  
7 yes.

8 Q Was Presser a trustee at that time?

9 A No. That was before he became a trustee. His dad was  
10 trustee then.

11 Q So it was while his father was a trustee on the pension  
12 fund?

13 A Yes.

14 Q And while he indeed, Jackie Presser, was a local union  
15 leader?

16 A Yeas. I think his local merged with the bakery local,  
17 or something, in Cleveland. And he was with those two  
18 locals as the secretary and treasurer.

19 Q And you are certain that this approach was made by  
20 Jackie, and not Bill Presser?

21 A Yes. On the Tropicana it was, and I know it was on the  
22 criminal case.

23 Q Was there ever a time when Bill Presser solicited you  
24 and offered you some benefit?

25 A No -- well, I'm not --

1 (Discussion between Mr. LeVota and the  
2 witness out of the hearing of the Reporter. Off  
3 the record discussion had.)

4 MR. RYAN: Let me have the first part of  
5 the question back.

6 (The last question was read back by the  
7 Reporter.)

8 MR. RYAN: Strike the fragment. Let me  
9 start again.

10 Q (BY MR. RYAN) Was there ever a time when Bill  
11 Presser, who was trustee of the Central States Pension  
12 Fund, and an officer of the International Brotherhood  
13 of Teamsters, offered you a bribe or some type of  
14 payment in return for your supporting a particular loan  
15 application that he favored?

16 MR. LeVOTA: Okay, if you are going to  
17 phrase it like that.

18 THE WITNESS: Yes.

19 Q (BY MR. RYAN) Was that loan ultimately made?

20 A Yes.

21 Q Which particular loan, if you recall? I'll strike that  
22 question.

23 MR. LeVOTA: Okay, fine.

24 MR. RYAN: Okay. I can understand your  
25 concern there.

1 MR. LeVOTA: Okay.

2 MR. RYAN: Let's go off the record.

3 (Off the record discussion had.)

4 Q (BY MR. RYAN) In fact, one of the times that Bill  
5 Presser may have done this was with regard to a loan  
6 for a pail factory in New Mexico?

7 A The first one that approached me on that pail  
8 factory -- That's what it turned out to be. It wasn't  
9 a pail --

10 MR. LeVOTA: Excuse me. What's a pail  
11 factory?

12 THE WITNESS: They made buckets.

13 MR. LeVOTA: Okay.

14 THE WITNESS: It was a rubber company in  
15 Deming, New Mexico. I believe it was Deming, New  
16 Mexico. And a fellow by the name of Gene Sansousi  
17 (Pnonetic), from Indianapolis, was on the  
18 committee. I'm talking about trustee then. And  
19 ne flew his own airplane, and he flew out there  
20 two or three times. And it was a lost cause, that  
21 the city was supposed to support it and so forth,  
22 but nobody ever aid. It was then purchased, or  
23 took over the loan, or something, from a guy that  
24 was tried at the same time Allan Dorfman was  
25 tried. And it was known then as the pail factory.

1 But it was in Deming, New Mexico, and it was  
2 a rubber plant to start with. And Allan Dorfman,  
3 through his influence, either sold it to this guy,  
4 or this guy had picked up part of that loan with  
5 something else. He was the same guy that was with  
6 Dorfman when he got killed. I can't think of the  
7 guy's name.

8 Q (BY MR. RYAN) Irv Weiner, W-e-i-n-e-r?

9 A Yeah. He was the one that was on trial at the same  
10 time with Dorfman, and along with that one armed guy in  
11 Detroit, and somebody else.

12 Q Let me ask you about a different subject.

13 MR. LEVOTA: Excuse me.

14 MR. RYAN: Let's go off the record.

15 (Off the record discussion had.)

16 Q (BY MR. RYAN) Back on the record. Mr. Williams,  
17 very directly, did Bill Presser ever offer you a bribe  
18 for that particular loan which you have just described?

19 A No, he did not.

20 Q Did he offer that you would make some money in some way  
21 from it?

22 A No, sir. I don't think he knew about it at the time.  
23 That's been way way back there; one of the first loans  
24 we made.

25 Q Ultimately did Bill Presser have some relationship as

1 to that loan which led him to come to you and solicit  
2 your support, and for him to indicate to you that you  
3 would benefit in some way from that?

4 A Not on the pail factory.

5 Q Let me ask you about a different subject. When you  
6 were a criminal defendant in the case in Chicago, one  
7 of the potential defenses that you could have put  
8 forward was to attack Allan Dorfman, and attack his  
9 credibility.

10 A Huh huh.

11 Q You did not do that; is that correct?

12 A That's right.

13 Q You received --

14 A And I was told it would be dangerous because he tried  
15 to get me separated out of that case. Had I got  
16 separated out of the case, I would have definitely  
17 called --

18 Q You would --

19 A -- I would have definitely called Allan Dorfman to the  
20 stand. But I thought since we was all in the same  
21 thing, and the judge had already made his mind up that  
22 one guilty, all guilty, why I didn't see any reason to  
23 call him to the stand. And Tom wanted to call him to  
24 the stand, and I said no.

25 Q Were you ever told by persons, other than your own

1 personal attorney, Tom Wadden, that you shouldn't  
2 separate yourself from Dorfman?

3 A No, sir, I was not. I tried everything I could do to  
4 get separated, and Tom tried every legal move to get me  
5 segregated out of there.

6 MR. RYAN: Let's go off the record.

7 (Off the record discussion had.)

8 Q (BY MR. RYAN) Allan Dorfman remained a central power  
9 in the Central States Pension and Health and Welfare  
10 Funds despite the fact that he was convicted in the  
11 1970s of racketeering?

12 A That's right.

13 Q In fact, his company was the company that serviced the  
14 fund in the Health and Welfare area?

15 A Yes.

16 Q That relationship continued despite the fact that Allan  
17 Dorfman created a great deal of government interest and  
18 heat on the Central States Fund?

19 A That's right.

20 Q Was there ever a time in your relationship with Dorfman  
21 when he offered you a bribe, particularly to assist him  
22 in obtaining an extension of the Health and Welfare  
23 Fund contract that his company had?

24 A I don't ever remember him soliciting me for extending  
25 the contract. Uh, it had a certain length of time to

1 go, of which we renegotiated each time.

2 Q So it was for the renewal of the contract?

3 A Yes.

4 Q But at the time the renewal was coming up, sometime in  
5 the late 1970s, Dorfman came to you and offered you a  
6 bribe, or other thing of value, in return for your  
7 giving him that contract without putting it out to bid?

8 A He offered me 17 acres in La Costa, California.

9 Q The specifics of that offer were that you would obtain  
10 the property if he got the contract --

11 A That's right.

12 Q -- without having it bid out?

13 A That's right.

14 Q Did you ultimately have the contract bid in any case?

15 A Yes, we did. We had three bidders.

16 Q What was the result of the bid?

17 A Allan Dorfman underbid them 83 cents a week per member.

18 Q In addition to the meeting where Dorfman conveyed to  
19 you his offer of the bribe of the land at La Costa,  
20 there were other times when you met with Dorfman, in  
21 less than official circumstances, where organized crime  
22 figures were also present?

23 A One time I know for sure is Allen Dorfman's 50th  
24 birthday when Nick Civella was up in Chicago, and  
25 several other people. I wasn't introduced to them, but

1 they were part of organized crime at his 50th birthday.

2 MR. LeVOTA: And there were other  
3 occasions; correct?

4 THE WITNESS: Yes, there were other  
5 occasions.

6 Q (BY MR. RYAN) And at least one of those occasions  
7 Nick Civella was present along with Dorfman?

8 A Yes, he was.

9 Q And discussions were had at that meeting about the  
10 operation of the fund?

11 A Yes.

12 MR. RYAN: That's all for today.

13 MR. LeVOTA: These it?

14 MR. RYAN: Yean. I think we are going to  
15 adjourn this session of the deposition, both in  
16 consideration of Mr. Williams' health and so that  
17 his counsel and I can confer. The deposition is  
18 adjourned; it's not closed.

19 THE WITNESS: Hun nuh.

20 MR. RYAN: We will pick up again probably  
21 tomorrow or at some other future date.

22 THE WITNESS: All right.

23 MR. RYAN: Thank you, Mr. Williams.

24 THE WITNESS: You are entirely welcome.

25 MR. LeVOTA: I'd only put one thing on the

1 record. And that is, considering Mr. Williams'  
2 health, and considering the strain that his and  
3 other proceedings may have on his health, we would  
4 make a request that any future testimony be by  
5 written questions and then responded under oath in  
6 writing.

7 MR. RYAN: I'll take your request under  
8 advisement, but I think that the witness has  
9 proven capable of answering questions here today and  
10 on other occasions, and we would be capable of  
11 taking his deposition in the more personal sense.

12 MR. LEVOTA: Okay.

13 (Deposition adjourned at 2:07 p.m.)

14  
15  
16 Signature of witness waived  
17 pursuant to agreement of  
counsel

18 My commission expires January 21, 1989.

19 Jimmy Dan Felty  
20 Notary Public - State of Missouri  
21 Commissioned in Johnson County  
22  
23  
24  
25



R.L.W.

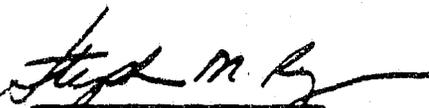
**SEALED MEMORANDUM OF UNDERSTANDING BETWEEN  
THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME AND  
ROY L. WILLIAMS**

1. The Commission has the authority to confer use and derivative use immunity pursuant to 18 U.S.C. § 6001 et seq. A copy of the authorization of the Assistant Attorney General, and the Commission's signed order compelling Mr. Williams' testimony pursuant to the foregoing statute is appended to this agreement.

2. The Commission will debrief Mr. Williams under seal beginning Friday, May 17, 1985. Mr. Williams has a duty to answer all questions truthfully, completely and to the best of his ability. He is subject to the penalties of making a false statement to a government agent. The Commission will have the unequivocal right to make public the information provided on or after September 1, 1985. Should the Commission have other questions for Mr. Williams, he may be asked to answer them at any future date in a manner which will not jeopardize his physical safety. Mr. Williams will give a deposition under oath preserved by a court reporter on or about September 1, 1985.

3. The Commission will provide a letter to the United States District Court which has jurisdiction over Mr. Williams discussing the nature and value of the information provided up to and including the day of the letter. The contents of this letter will be determined by the Commission. No specific recommendation will be put forth in the letter. This letter will be delivered to the Court on or about August 1, 1985. A copy of this letter will be provided to the Organized Crime Strike Force in Chicago, Illinois.

4. No additional promises, agreements and conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

  
Stephen M. Ryan  
Deputy Counsel

  
James D. Harmon, Jr.  
Chief Counsel

For the President's Commission  
on Organized Crime

~~Roy G. Williams~~  
Roy G. Williams

~~Thomas A. Wadden, Jr.~~  
Thomas A. Wadden, Jr.  
Attorney for Mr. Williams



U.S. Department of Justice

Criminal Division

Office of the Assistant Attorney General

Washington, D.C. 20530

APR 4 1965

Mr. James D. Harrison, Jr.  
Executive Director  
President's Commission on Organized Crime  
Washington, D. C. 20005

Attn: Rodney G. Smith  
Deputy Executive Director

Re: Administrative Hearing

Dear Mr. Harrison:

Your request for authority to issue an order requiring Roy L. Williams to give testimony or provide other information pursuant to 18 U.S.C. 6004 at an administrative hearing before the President's Commission on Organized Crime and in any further proceeding resulting therefrom or ancillary thereto is hereby approved pursuant to the authority vested in me by 18 U.S.C. 6002, 6004, and 28 C.F.R. 0.175, provided that the testimony or other information from such individual may be necessary to the public interest, and that such individual refuses to testify or provide information on the basis of his privilege against self-incrimination.

Sincerely,

  
Stephen S. Trott  
Assistant Attorney General  
Criminal Division

**PRESIDENT'S COMMISSION ON ORGANIZED CRIME  
DISTRICT OF COLUMBIA**

**IN THE MATTER OF ROY L. WILLIAMS  
A WITNESS BEFORE THE PRESIDENT'S  
COMMISSION ON ORGANIZED CRIME**

**ORDER TO COMPEL  
TESTIMONY AND  
PRODUCE INFORMATION**

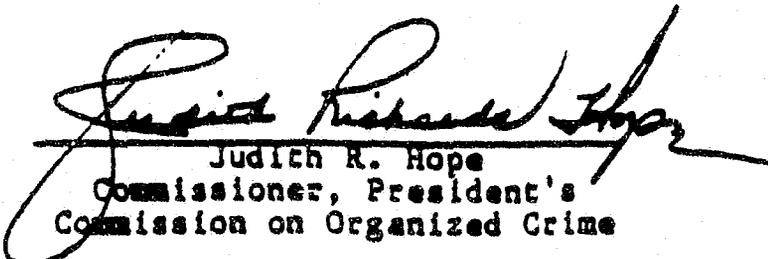
It appears to the satisfaction of the Commission:

1. That the witness, Roy L. Williams has been called to testify or provide other information before the Commission or a duly designated representative thereof; and
2. That in the judgment of the Commission, the witness is likely to refuse to testify or produce other information on the basis of his privilege against self-incrimination; and
3. That in the judgment of the Commission, the testimony or other information from the witness may be necessary to the public interest; and
4. That the Assistant Attorney General in charge of the Criminal Division of the United States Department of Justice, pursuant to the authority vested in him by 18 U.S.C. §§ 6002 and 6004 and 28 C.F.R. §0.175, has approved a request by the Commission for authority to issue an order

requiring the witness to give testimony or provide other information pursuant to Public Law 98-368 and 18 U.S.C. §6004, by letter (a copy of which is attached hereto),

NOW THEREFORE, IT IS ORDERED, pursuant to Public Law 98-368 and 18 U.S.C. §§6001, 6002, and 6004, that the witness, Roy L. Williams, give testimony and provide other information which he refuses to give or to provide on the basis of his privilege against self-incrimination, concerning all matters about which he may be questioned before the Commission or before a duly designated representative thereof.

In accordance with 18 U.S.C. §§6002 and 6004, no testimony or other information compelled under this Order, or any information directly or indirectly derived from such testimony or other information, may be used against the witness in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the Order of this Commission.

  
Judith R. Hope  
Commissioner, President's  
Commission on Organized Crime

DATED: *May 14, 1985*

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UNITED STATES OF AMERICA

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

-----X  
:  
In Re: :  
: MISC No. 85-0075  
JACKIE PRESSER :  
: CHIEF JUDGE ROBINSON  
-----X

Washington, D. C.  
Tuesday, August 13, 1985

The deposition of JACKIE PRESSER was resumed at 10:10 a.m., Tuesday, August 13, 1985, at the offices of the President's Commission on Organized Crime, Suite 700, 1425 K Street, Northwest, Washington, D. C., before Mary S. Smith, a Notary Public in and for the District of Columbia.

APPEARANCES:

On behalf of the Commission:

STEPHEN M. RYAN, Esq.  
Deputy Counsel  
President's Commission on  
Organized Crime  
NICK CHIARKAS, Esq.  
Deputy Chief Counsel  
President's Commission on  
Organized Crime  
1425 K Street N. W., Suite 700  
Washington, D. C. 20005-3468

On behalf of Deponent:

JOHN R. CLIMACO, Esq.  
SAUL LEFKOWITZ, Esq.  
Office of General Counsel, IRTU  
25 Louisiana Avenue, N.W.  
Washington, D. C.

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P R O C E E D I N G S

MR. CLIMACO: Let me say, on the record, I assume this is a continuation of the previous deposition and we have the same understanding, that there has been no wire taps, et cetera.

MR. RYAN: That is correct.

MR. CLIMACO: And we will be provided, in a reasonable time after the conclusion, with a copy of the transcript?

MR. RYAN: That is correct. You may be provided with a transcript, at your expense, whenever it is prepared.

MR. CLIMACO: And you need not, to save you the expense, provide us a copy, unless we request it, of the videotape.

MR. RYAN: Very good.

MR. CLIMACO: But we may want it at some time.

MR. RYAN: As you choose.

MR. CLIMACO: Could I have everyone's name?

MR. RYAN: Let me just run through some preliminary matters, and we will get to that.

My name is Stephen Ryan. I am Deputy Counsel of the President's Commission on Organized Crime. We are here this morning to take the continuation of the deposition of Mr. Jackie Presser, the general president of the International Brotherhood of Teamsters.

Accompanying me from the Commission's staff is the

1 Deputy Chief Counsel, Mr. Nick Chiarkas.

2 I would ask counsel for Mr. Presser who are present  
3 to identify themselves for the record at this time.

4 MR. CLIMACO: John R. Climaco -- C-l-i-m-a-c-o.

5 MR. LEFKOWITZ: Saul Lefkowitz -- L-e-f-k-o-w-i-t-z.

6 MR. RYAN: Mr. Manuel Gonzales, the Chief Investi-  
7 gator of the Commission, will also be present during at least  
8 a portion of the deposition. If, at any time, other staff  
9 members enter the room, I will, at a convenient point, identify  
10 them so that the record will reflect their presence.

11 MR. CLIMACO: Could we have the name of the court  
12 reporter and the videotape operator?

13 MR. RYAN: The videotape operator is Agent McLees,  
14 from the Drug Enforcement Administration.

15 MR. CLIMACO: Would you spell his name?

16 MR. RYAN: M-c-L-e-e-s.

17 I would ask the court reporter to identify herself.

18 (Reporter's name and company affiliation provided  
19 for counsel)

20 MR. RYAN: At this time I would ask that the court  
21 reporter swear Mr. Presser.

22 Whereupon,

23 JACKIE PRESSER,

24 called for examination by counsel for the President's Commission  
25 on Organized Crime, having first been duly sworn, was examined

1 and testified as follows:

2 MR. RYAN: I would like to make some preliminary  
3 remarks. I think will assist us in continuing with this deposi-  
4 tion.

5 Mr. Presser, at your previous deposition you relied  
6 on your Fifth Amendment right to refuse to actually answer  
7 the questions asked of you. You said that but for the  
8 recommendation of the Cleveland Strike Force, a matter which  
9 is no longer, as I understand it, a concern for you legally,  
10 that you would answer the questions. For that reason, we  
11 have asked you to come back here today and to complete the  
12 deposition. We understand that to be something you desired,  
13 certainly it is something we desire.

14 The Commission has a series of very specific and  
15 important issues to cover with the general president of the  
16 International Brotherhood of Teamsters. We have serious  
17 questions about the state of the International Brotherhood  
18 of Teamsters as it relates to organized crime infiltration.  
19 We have serious questions about what the policy of the Inter-  
20 national Brotherhood of Teamsters is with regard to combating  
21 organized crime. We have serious questions, indeed, about  
22 your own personal relationship to certain organized crime  
23 figures, and we seek, finally, your comments, as the rep-  
24 resentative of your union members, concerning the recommenda-  
25 tions we are about to make to the President.

1 I have standard instructions that I generally give  
2 witnesses. I am going to give them in this case. By giving  
3 these instructions, I don't want to imply that any of the  
4 things I am going to talk about are necessarily rights that  
5 you wish to rely upon. I just want to point them out to you.

6 Whatever you say here today can and would be used  
7 against you in a court of law. You have a Fifth Amendment  
8 right against self-incrimination, and you may exercise that  
9 right at any time you wish.

10 You have the right to consult an attorney before  
11 answering any question here today, and, as we have indicated  
12 on the record, Mr. Climaco is present to give you that advice.

13 If you give false testimony, the Commission can and  
14 will refer this matter to the Justice Department for their  
15 review and potential prosecution, pursuant to the rules of  
16 the Commission. Again, as I say, these are the general in-  
17 structions that I normally give witnesses. There may be facts  
18 known to the Commission which would indicate that you do not  
19 have a Fifth Amendment right on certain issues. That is an  
20 issue that I believe we can take up at the end of the deposi-  
21 tion. Certainly there is an existing record where the  
22 Commission has made it quite clear that we believe you waived  
23 your Fifth Amendment right, at least as to those matters that  
24 were contained in your statement at the previous deposition.  
25 I understand that your counsel disagrees with the Commission's

1 position on that, and again I am not seeking to elicit argu-  
2 ment at this point, but just to say that these are matters  
3 that have gone before and it is the history that we need not  
4 further recount.

5 With that, I would like to begin questioning you.  
6 Mr. Climaco, do you have any remarks you want to  
7 make?

8 MR. CLIMACO: No, nothing more than I said earlier.

9 EXAMINATION BY COUNSEL FOR THE COMMISSION:

10 BY MR. RYAN:

11 Q Sir, would you state your name for the record,  
12 please?

13 A Jackie Presser.

14 Q Sir, would you tell me what union titles you presently  
15 hold?

16 A Mr. Ryan, on the advice of counsel, I respectfully  
17 decline to answer the question on the grounds of the 5th and  
18 14th Amendments.

19 Q Mr. Presser, are you the general president of the  
20 International Brotherhood of Teamsters?

21 A Mr. Ryan, on the advice of counsel, I respectfully  
22 decline to answer the question on the grounds of the 5th and  
23 14th Amendments.

24 Q Mr. Presser, are you also the secretary-treasurer  
25 of Local 507 in Cleveland, Ohio?

1           A     Mr. Ryan, on the advice of counsel, I respectfully  
2 decline to answer the question on the grounds of the 5th and  
3 14th Amendments.

4           Q     Is it also true you are the president of Joint  
5 Council 41, located in northern Ohio?

6           A     Mr. Ryan, on the advice of counsel, I respectfully  
7 decline to answer the question on the grounds of the 5th and  
8 14th Amendments.

9           Q     Are you the president of the Ohio Conference of  
10 Teamsters?

11          A     Mr. Ryan, on the advice of counsel, I respectfully  
12 decline to answer the question on the grounds of the 5th and  
13 14th Amendments.

14          Q     Are you also the president of the Central Conference  
15 of Teamsters?

16          A     Mr. Ryan, on the advice of counsel, I respectfully  
17 decline to answer the question on the grounds of the 5th and  
18 14th Amendments.

19               MR. RYAN: I would understand, Mr. Climaco, if Mr.  
20 Presser wants to say "the same answer", we would understand  
21 that the words he would read each time would be in the record,  
22 if that would be easier.

23               MR. CLIMACO: Mr. Ryan, eventually we were going to  
24 ask you that, but thank you for your courtesy.

25               MR. RYAN: Mr. Presser, if that would be the answer,

1 all you need to say is "same answer" and the record will be  
2 quite clear that that would be your answer.

3 MR. CLIMACO: The record now reflects, Mr. Presser,  
4 that we have an agreement with Mr. Ryan that you need not read  
5 the entire sentence, that by stating "same answer" the record,  
6 in fact, would reflect that you have read, in other words,  
7 the answer necessary to invoke your constitutional rights.

8 BY MR. RYAN:

9 Q Mr. Presser, would you support your membership  
10 being able to find in one central place all of the union  
11 titles that you presently hold and all the salaries that you  
12 receive from those various titles?

13 A Same answer.

14 Q Is there a way for your members to find out that  
15 information in one central location?

16 A Same answer.

17 Q Would you describe for me, sir, the size of the  
18 International Brotherhood of Teamsters and something of the  
19 demographic characteristics of its members?

20 A Same answer.

21 Q Are there a number of women in the membership of  
22 the International Brotherhood of Teamsters?

23 A Same answer.

24 Q Are there a number of minority individuals in the  
25 International Brotherhood of Teamsters?

2 A Same answer.

3 Q Could you tell me, sir, what the one hundred largest  
4 locals are of the International Brotherhood of Teamsters?

5 A Same answer.

6 Q Are you aware, Mr. Presser, that it is impossible  
7 for law enforcement agencies to know what the hundred largest  
8 locals are because that information is not made public in any  
9 way?

10 A Same answer.

11 Q Mr. Presser, would you agree that organized crime  
12 targets unions because they seek a variety of economic and  
13 political gains, including legitimate employment, access to  
14 dues, access to pension funds, access to health and welfare  
15 funds, and access to a number of companies that they can then  
16 shake down?

17 A Same answer.

18 Q Would you agree with me, Mr. Presser, that organized  
19 crime targets unions in particular because through unions  
20 they can exercise a political power that is denied to them in  
21 other illegal enterprises?

22 A Same answer.

23 Q Sir, would you agree with me organized crime has  
24 targeted your union, in particular, because it is a powerful  
25 union and an important one in this country?

A Same answer.

1 Q Would you agree with me, sir, that the organized  
2 crime groups which have targeted your union include the  
3 traditional Italian La Costa Nostra, members of the Jewish  
4 mob, and Irish ethnic gangs?

5 A Same answer.

6 Q Mr. Presser, I would like to ask you about your  
7 predecessors and their relationship to organized crime. Are  
8 you aware of the contacts that President Beck maintained with  
9 members of organized crime?

10 A Same answer.

11 Q Are you aware of the contacts that Mr. Hoffa had  
12 with organized crime?

13 A Same answer.

14 Q Are you aware that Mr. Hoffa had a continuing re-  
15 lationship with a series of important La Costa Nostra bosses  
16 in Detroit, in New York, and in other cities?

17 A Same answer.

18 Q Would you agree with me, sir, that Mr. Hoffa allowed  
19 Allen Dorfman and other members of organized crime a special  
20 situation of access with regard to health and welfare funds  
21 and pension funds of the Teamsters in the Central States  
22 Pension Fund?

23 A Same answer.

24 Q Would you agree with me that to assist organized  
25 crime Mr. Hoffa developed a way of creating paper locals and

1 of instituting trusteeships that benefitted organized crime?

2 A Same answer.

3 Q Would you agree one of the impacts of Mr. Hoffa's  
4 tenure was that the Teamsters were kicked unceremoniously out  
5 of the AFL-CIO?

6 A Same answer.

7 Q Sir, you have previously intimated, if you are  
8 quoted correctly in Mr. Brill's book, "The Teamsters", that  
9 Jimmy Hoffa was ultimately killed by organized crime. Is  
10 that your belief?

11 A Same answer.

12 Q You have characterized your own office, sir, as  
13 "an electric chair", stating, and if the quote is correct, I  
14 would like you to confirm it, "if you're totally honest and  
15 if you try to clean up the union. . .without making  
16 accommodations so the government won't get you, the other  
17 guys--the hoods--will get you. Just like they got Hoffa  
18 when he threatened them. So that's the death chair either  
19 way." Did you make that statement, sir?

20 A Same answer.

21 Q Does it reflect your belief that organized crime  
22 has, at least on one occasion, murdered a former president  
23 of the International Brotherhood of Teamsters?

24 A Same answer.

25 Q Are you aware, sir, both Mr. Fitzsimmons and Mr.  
Williams received death threats from various members of

1 organized crime during their tenures in office?

2 A Same answer.

3 Q Are you aware Mr. Fitzsimmons was threatened with  
4 death by members of the Detroit mob?

5 A Same answer.

6 Q Have you been threatened with death by any member  
7 of organized crime at any point in your Teamsters career?

8 A Same answer.

9 Q Sir, I would like you to address yourself to Mr.  
10 Williams' tenure in office. Is it true, to your understand-  
11 ing, that Mr. Williams maintained very close ties and, in  
12 fact, was an associate of Nick Civella, who was the organized  
13 crime boss of the La Costa Nostra in Kansas City?

14 A Same answer.

15 Q Is it true another officer, Mr. Sam Ancona, was the  
16 messenger who went between Civella and Williams on a regular  
17 basis?

18 A Same answer.

19 Q Are you aware that Mr. John Sansone was an inter-  
20 national organizer and may still be an international organizer  
21 of the International Brotherhood of Teamsters?

22 A Same answer.

23 Q Do you appoint the international organizers?

24 A Same answer.

25 Q Are you aware that Mr. Sansone is Nick Civella's  
son-in-law?

1 A Same answer.

2 Q Mr. Presser, who really runs your union?

3 A Same answer.

4 Q Would you agree with Carlos Marcello when he said,

5 "It doesn't make no difference, it's all the same, no matter

6 who is in office"?

7 A Same answer.

8 Q Do you know Mr. Marcello?

9 A Same answer.

10 Q Prior to your obtaining the presidency of the Inter-

11 national Brotherhood of Teamsters, did you, or someone acting

12 on your behalf, have to seek the support of Mr. Tony Salerno,

13 the head of the Genovese family in New York?

14 A Same answer.

15 Q Does Mr. Salerno play a part in choosing the

16 presidents of the International Brotherhood of Teamsters?

17 A Same answer.

18 Q Would you agree with me, Mr. Presser, as you stated

19 to the Cornell Associates meeting several weeks ago, there

20 are pockets of organized crime and corruption in your

21 union?

22 A Same answer.

23 Q Would you agree that these pockets contain individuals

24 who are members of La Costa Nostra and other groups?

25 A Same answer.

1 Q Where are these persons located geographically, and  
2 in what locals, Mr. Presser?

3 A Same answer.

4 Q What is being done by your administration to remove  
5 this influence from the International Brotherhood of Teamsters?

6 A Same answer.

7 Q Are these comparatively large locals, Mr. Presser?

8 A Same answer.

9 Q What can be done about these locals?

10 A Same answer.

11 Q Would the International Brotherhood of Teamsters  
12 be interested in receiving from this Commission a list of  
13 officers of the International Brotherhood of Teamsters who  
14 are also members of La Costa Nostra?

15 A Same answer.

16 Q If we were to provide your union with that list,  
17 what would happen?

18 A Same answer.

19 Q For example, Mr. Presser, would the International  
20 Brotherhood of Teamsters take action against Dominic Senese,  
21 president of Local 703, who is also classified by the Federal  
22 Bureau of Investigation and other law enforcement agencies  
23 as a member of the La Costa Nostra?

24 A Same answer.

25 Q Would the International Brotherhood of Teamsters

1 take action if you were told by federal law enforcement  
2 agencies that Mr. Pasquali Crapanzano of Local 27, the  
3 secretary-treasurer of that number, was a member of the La  
4 Costa Nostra?

5 A Same answer.

6 Q Or that another relation of his, Robert Crapanzano,  
7 who is the president of Local 27, was a member of La Costa  
8 Nostra?

9 A Same answer.

10 Q Mr. Presser, you have been quoted in the press as  
11 saying "there are no more baronies, there are no more king  
12 makers out there; it all starts and ends right here". Did  
13 this statement imply you were firmly in control of the Inter-  
14 national Brotherhood of Teamsters?

15 A Same answer.

16 Q On a regular basis, isn't it true you have to con-  
17 sult with members of your Executive Board and that they have  
18 to make the vote and make the decisions for the International  
19 Brotherhood of Teamsters?

20 A Same answer.

21 Q Is it true, sir, organized crime influence reaches  
22 into that room and to certain of the individuals who are  
23 vice presidents of the International Brotherhood of Teamsters?

24 A Same answer.

25 Q For example, would it surprise you if the Commission

1 had received testimony, under oath, that the president of  
2 Joint Council 16, Mr. Terretola, had been picked by the mob  
3 to be the vice president of the International Brotherhood of  
4 Teamsters?

5 A Same answer.

6 Q Was Mr. Urice Shurr, the vice president of the  
7 Philadelphia area, a supporter of yours when you obtained the  
8 presidency?

9 A Same answer.

10 Q Are you aware that Mr. Shurr is now a convicted  
11 felon for robbing from his union?

12 A Same answer.

13 Q At the time you became president, Mr. Anderson was  
14 also a vice president. Are you aware that Mr. Anderson is an  
15 associate of Mr. Sidney Korshak?

16 A Same answer.

17 Q Do you know Sidney Korshak?

18 A Same answer.

19 Q At the time you were elected president, sir, was  
20 Mr. Salvatore Provenzano a vice president of your union?

21 A Same answer.

22 Q Are you aware Mr. Salvatore Provenzano has now been  
23 removed from his union post as a result of criminal and civil  
24 convictions, and the local placed under trusteeship by the  
25 court in New Jersey?

1 A Same answer.

2 Q Do you support the actions of the United States and  
3 Judge Ackerman in placing that local under trusteeship?

4 A Same answer.

5 Q Mr. Holmes, the vice president from Detroit, was  
6 also on the Executive Board when you were elected. Are you  
7 aware Mr. Holmes has a relationship with Mr. Meli, who is one  
8 of the leaders of the Detroit La Costa Nostra?

9 A Same answer.

10 Q Are there other vice presidents, Mr. Presser, who  
11 have these similar relationships with organized crime?

12 A Same answer.

13 Q It is true, is it not, sir, that all of these  
14 vice presidents are elected at large; that is, while they are  
15 drawn from a particular geographical area, they do not answer  
16 to the members of that area?

17 A Same answer.

18 Q Would you agree, sir, that the members of the  
19 Executive Board would choose your replacement if you were  
20 somehow incapacitated or incapable of maintaining yourself  
21 as president of the union?

22 A Same answer.

23 Q And that, in all likelihood, your replacement would  
24 come from that same group?

25 A Same answer.

1 Q Mr. Presser, would you agree that uncques oning  
2 loyalty and support of the incumbent administration becomes  
3 the prime prerequisite for appointment and promotion in the  
4 International Brotherhood of Teamsters?

5 A Same answer.

6 Q Is there any policy in your union against nepotism?

7 A Same answer.

8 Q For example, do you approve of the case of the  
9 Provenzano's daughter being made the secretary-treasurer of  
10 that local at age 24?

11 A Same answer.

12 Q Did you support your vice president, Alan Friedman,  
13 in his efforts to have his son follow in his footsteps in the  
14 leadership of his union?

15 A Same answer.

16 Q Sir, examining your own career, is it correct that  
17 you were appointed with a new charter to head Local 507?

18 A Same answer.

19 Q That you subsequently took the post of your father's  
20 as head of the Joint Council?

21 A Same answer.

22 Q That you were then appointed to take his post as  
23 head of the Ohio Conference of Teamsters?

24 A Same answer.

25 Q That you were then appointed to take his post as

1 vice president of the International Brotherhood of Teamsters?

2 A Same answer.

3 Q And that ultimately the Executive Board of the  
4 union selected you to be the president, as opposed to the  
5 membership?

6 A Same answer.

7 Q Mr. Presser, are you concerned in any way with  
8 conflicts of interest with regard to union officers serving  
9 in multiple unions?

10 A Same answer.

11 Q For example, do you think that union officers in the  
12 Teamsters should simultaneously be officers of the Bakers  
13 Union or Hotel Workers Union or Laborers Union?

14 A Same answer.

15 Q Is it correct, sir, that for many years you were  
16 the president of the Hotel Workers Local 10 in Cleveland,  
17 Ohio, at the same time that you were in office in the Inter-  
18 national Brotherhood of Teamsters?

19 A Same answer.

20 Q Is it true you were the financial secretary of the  
21 Bakers Local 10?

22 A Same answer.

23 Q How did you get these posts, sir?

24 A Same answer.

25 Q Is it also true that you were on the payroll of Mr.

1 Edward Hanley, the president of the Hotel Workers?

2 A Same answer.

3 Q Were you an international organizer, or something  
4 akin to that title?

5 A Same answer.

6 Q Are you aware of Mr. Hanley's public reputation as  
7 being involved with members of the Chicago organized crime  
8 families?

9 A Same answer.

10 Q Sir, would you say that your union is democratically  
11 run?

12 A Same answer.

13 Q Would you agree with me that the International  
14 Brotherhood of Teamsters members should have the right to  
15 gather peacefully without threats or actual violence?

16 A Same answer.

17 Q Are you concerned about violence directed against  
18 the membership of the International Brotherhood of Teamsters?

19 A Same answer.

20 Q For example, have you read the local 560 decision -

21 A Same answer.

22 Q Let me complete the question. The question is have  
23 you read the Local 560 decision which discusses the murder of  
24 members Castellito and Glockner and credits the crimes to  
25 Tony Provenzano?

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A Same answer.

Q What should the officers and employees in your union do to promote democracy in the union?

A Same answer.

Q Would you agree with Judge Ackerman that the true test of union democracy is whether the members feel free to openly criticize the policies and practices of the incumbents?

A Same answer.

Q Have you carried that out in your operation of the union?

A Same answer.

Q For example, in the meeting of the Joint Council 41 on October 31, 1983, did you say I know exactly what happened at the BLAST demonstration - quote - I was pleased to see that there are Teamsters that want to stop all of that crap, but I want to say something to all of you. Did you say that?

A Same answer.

Q What is a "slugger", Mr. Presser?

A Same answer.

Q On that day, in that transcript, did you say "These guys are not sluggers, they're not supposed to be there"?

A Same answer.

Q Did you compliment the Joint Council 41 secretary-treasurer, Mr. Evans, for being in - quote - a real wild fight

1 with State Highway Patrolmen and police there - unquote?

2 A Same answer.

3 Q Did you conclude your comments by saying "I'm going  
4 to tell you something. We should be doing more of that. I'm  
5 going to tell you I'm not going to let up on these people"?

6 A Same answer.

7 Q Who are the people you are not going to let up on,  
8 Mr. Presser?

9 A Same answer.

10 Q Are they, indeed, members of the International  
11 Brotherhood of Teamsters?

12 A Same answer.

13 Q Did you also say, during that Joint Council meeting  
14 and I quote, "They" - your members - "were there to knock out  
15 their convention, like they come to our conventions and carry  
16 banners and signs"?

17 A Same answer.

18 Q Are you aware that those very events resulted in an  
19 unfair labor practice finding by the National Labor Relations  
20 Board?

21 A Same answer.

22 Q And that the unions involved were required to post  
23 notices saying that they would no longer act in that manner?

24 A Same answer.

25 Q Are you aware, sir, that nine busloads of members

1 went up from Ohio to participate in breaking up the TDU con-  
2 vention?

3 A Same answer.

4 Q Sir, would you support any member of your staff of  
5 the union threatening violence against a union member because  
6 he attended the Commission's public hearing in Chicago?

7 A Same answer.

8 Q Would you take actions against the member shop  
9 steward of Local 705 in Chicago if, after beating a member of  
10 the union, he said, "Do you want to go to any more Commission  
11 hearings"?

12 A Same answer.

13 Q Would you support any member of your staff who  
14 threatened to take away a person's job because they testified  
15 before Congress in a manner that was not considered conducive  
16 to the interests of the International Brotherhood of Teamsters?

17 A Same answer.

18 Q Sir, do you support leaders in your union, includ-  
19 ing Mr. Peick, filing lawsuits against members, claiming  
20 that they have been defamed?

21 A Same answer.

22 Q Do you see these as the same type of intimidation  
23 tactics with regard to violence against union members?

24 A Same answer.

25 Q Mr. Presser, I would like to turn particularly now

1 to management racketeering issues, and I would like to ask  
2 you --

3 MR. CLINACO: Could we take a couple minutes break?  
4

5 MR. RYAN: Certainly.

6 (Short recess)

7 MR. RYAN: Back on the record.

8 BY MR. RYAN:

9 Q Sir, I would like to ask you now a series of ques-  
10 tions about management racketeering. Are you opposed to  
11 organized crime infiltration of business and management  
12 racketeering activities?

13 A Same answer.

14 Q Has your union taken certain steps to bring law-  
15 suits against such persons?

16 A Same answer.

17 Q Are you against union officers who cooperate with  
18 such management racketeers?

19 A Same answer.

20 Q Do you approve of the activities of convicting  
21 persons such as Frank Sheeran of Local 326 who cooperated  
22 with such racketeers?

23 A Same answer.

24 Q Are you aware of the pattern of activity related  
25 to Eugene Hoffa's corporations, Countrywide Personnel and  
Universal Coordinators?

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A Same answer.

Q What is your personal relationship with Eugene Boffa?

A Same answer.

Q Is it true that you squired him around at Teamster functions and introduced him to other individuals?

A Same answer.

Q Is it true that Mr. Provenzano, Salvatore Provenzano was the other person who squired him around?

A Same answer.

Q Were you aware at the time you were doing that that Mr. Boffa was an associate of Russell Bufalino, the chief of La Costa Nostra in the Wilkes-Barre, Pennsylvania, area?

A Same answer.

Q Do you know Mr. Bufalino?

A Same answer.

Q Are you aware Mr. Bufalino was a partner in that business?

A Same answer.

Q Did you ever assist the labor leasing businesses of Eugene Boffa in any way?

A Same answer.

Q For example, when Mr. Robert Groves' Local 908 in Ohio received a short payment as a bribe, did you intercede on behalf of Mr. Boffa and his companies to get Mr. Groves

1 to cooperate?

2 A Same answer.

3 Q Is it true that you received routine payments from  
4 Mr. Boffa?

5 A Same answer.

6 Q Is it true, as you heard at the public testimony in  
7 Chicago, that Mr. Robert Rispo made a payment to you, sir?

8 A Same answer.

9 Q Do you want to address these allegations that have  
10 been made, that you received envelopes full of cash?

11 A Same answer.

12 Q What was your role in the grievance procedure in  
13 Ohio in the 1970s?

14 A Same answer.

15 Q Did you ever knowingly throw a grievance hearing,  
16 Mr. Presser, to assist Eugene Boffa in his operations?

17 A Same answer.

18 Q Was there a time when you attempted to assist Mr.  
19 Boffa's enterprises by interceding with the officers of IAT  
20 Local 100 in Ohio?

21 A Same answer.

22 Q Is it true that they refused these entreaties and  
23 kicked Mr. Boffa and his operation right out of that area,  
24 and the Reading Concrete business?

25 A Same answer.

1 Q What did you do for the envelope full of cash that  
2 Mr. Rispo gave you?

3 A Same answer.

4 Q Sir, you were at one time the president of the  
5 Hotel Workers Local 10 in C. I. O. What led to your being re-  
6 moved from the presidency in the late 1940s and early 1950s?

7 A Same answer.

8 Q Soon after you were removed from that post, sir,  
9 did you become active in IAT Local 521 and Joint Council 41?

10 A Same answer.

11 Q Did you know Alan Friedman, who is now an Inter-  
12 national vice president of the Teamsters, at the time that  
13 he was convicted of participating in a stolen car ring in the  
14 1950s?

15 A Same answer.

16 Q In 1964, sir, you received a Central States Pension  
17 Fund loan for the Eastgate Coliseum, is that correct?

18 A Same answer.

19 Q Is it correct, also, that you defaulted on that  
20 loan, sir?

21 A Same answer.

22 Q And that the property was then purchased for a lower  
23 price by Mr. Sam Klein, who was also active in Bally Corpor-  
24 ation?

25 A Same answer.

1 Q Are you aware that sometime after that Ba ly gave  
2 3,700 shares of stock to either your father or yourself?

3 A Same answer.

4 Q Are you also aware that 18 months after the stock  
5 was given, the Central States Pension Fund gave a 12 million  
6 dollar loan, at 6.5 percent interest, to Bally that was an  
7 unsecured loan?

8 A Same answer.

9 Q Did you or your father have anything to do with  
10 these loans being given?

11 A Same answer.

12 Q Sir, I would like to ask you several questions  
13 about your involvement with a business called the Front Row  
14 Theatre. You have been quoted in Cleveland Magazine as  
15 saying, "I'm a millionaire", and the quote was followed  
16 by the sentence that said, "Presser says he is a millionaire  
17 with the sale of the Front Row Theatre to a company in  
18 Chicago that deals in vending machines." Did you make that  
19 statement to the reporter, sir?

20 A Same answer.

21 Q Is it correct that you became a millionaire through  
22 that transaction?

23 A Same answer.

24 Q Did you realize that the company that was purchasing  
25 your interest in the Front Row Theatre, Seeburg Corporation,

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employed Teamster members?

A Same answer.

Q Sir, are you aware of the requirements that officers report receiving anything of value from employers on an LM-30 Form to the Department of Labor?

A Same answer.

Q Have you ever filed an LM-30 Form?

A Same answer.

Q When did you first hear of the Front Row Theatre, sir?

A Same answer.

Q At the time you invested in the Theatre, in late 1973, the Theatre was already a resounding success, isn't that correct?

A Same answer.

Q Is it correct that your partners, Nathan and Molly Dolin, Laurence Dolin, and others, sold the Front Row Theatre a very short time after you purchased your interest, to Seeburg Corporation?

A Same answer.

Q Who offered you the partnership, Mr. Presser?

A Same answer.

Q What were you expected to contribute?

A Same answer.

Q How much money did you contribute?

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A Same answer.

Q Where did you get the money that you put up, sir?

A Same answer.

Q Is it true that you received nearly a million dollars in payments over the years 1975 through 1982 for your share in the Front Row Theatre?

A Same answer.

Q Is it true, sir, that you invested somewhere between \$40,000.00 and \$140,000.00 for your interest?

A Same answer.

Q How would you explain to your membership, sir, your receipt of almost a million dollars for that very small interest, after owning it for eleven months?

A Same answer.

Q Sir, did you declare a profit on your tax returns for the sale of the Front Row Theatre?

A Same answer.

Q In what year, sir?

A Same answer.

Q Are you aware that very soon after the final payment to you of the monies coming from the sale of the Front Row Theatre that the Front Row Theatre was then sold back to Nate and Molly Dolin, the original owners?

A Same answer.

Q What was the motivation for bringing you into an

1 already successful partnership, Mr. Presser?

2 A Same answer.

3 Q Mr. Presser, is it also true that two months after  
4 you purchased the Front Row Theatre you became a Central  
5 States trustee?

6 A Same answer.

7 Q Do you recall the economic difficulties of Delbert  
8 Coleman, who held the controlling interest in Parvin-  
9 Dorman Corporation, which owned the Stardust and Fremont  
10 properties, the Racrion properties, in Las Vegas?

11 A Same answer.

12 Q Have you ever been in those casinos, sir?

13 A Same answer.

14 Q What is the nature of your relationship, if any,  
15 to Mr. Delbert Coleman?

16 A Same answer.

17 Q Are you aware in May, 1974, Mr. Alan Glick received  
18 a \$62 million loan from the Central States Pension Fund to  
19 purchase those two hotels?

20 A Same answer.

21 Q Are you aware of Mr. Delbert Coleman's relationship  
22 to Seeburg Corporation?

23 A Same answer.

24 Q Are you aware, sir, that Mr. Delbert Coleman was at  
25 one time the controlling interest in Seeburg Corporation?

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A Same answer.

Q And at the time that Seeburg Corporation purchased your interest in the Front Row Theatre, Mr. Nicastro, an associate of Mr. Delbert Coleman, was running that business?

A Same answer.

Q Is it true that Mr. Alan Glick at that time was a salesman who had no experience in running such casinos when he received this \$62 million loan?

A Same answer.

Q Are you aware, sir, that when you received the first hundred thousand dollars in cash from the sale of the Front Row Theatre that Mr. Nicastro had borrowed that hundred thousand dollars under the pretense that it would be used to keep the Seeburg Teamster employees on the payroll?

A Same answer.

Q Do you wish to answer in any way the allegations concerning the Front Row Theatre that are presented by these questions?

A Same answer.

Q Sir, this is not the only time you or members of your family were interested in particular loans with casinos. Were you ever interested in assisting persons in obtaining a loan for the purchase of the Tropicana Casino?

A Same answer.

Q Did you ever offer a bribe to a Central States

1 trustee if he would assist in such a loan?

2 A Same answer.

3 Q Do you recall the incident which took place in the  
4 Headquarters Building of the Central States Pension Fund?

5 A Same answer.

6 Q Do you know the individual of whom I am speaking  
7 with regard to that bribe?

8 A Same answer.

9 Q Did you also offer that individual to fix a case  
10 for him if he would give you ten thousand dollars; that is,  
11 to fix a criminal prosecution?

12 A Same answer.

13 Q Sir, I would like to discuss with you some of your  
14 other business interests. Is it true that at one time you  
15 and a Mr. Skippy Felice, a former Teamsters officer, were  
16 intent upon purchasing a golf course in Lorain County, Ohio?

17 A Same answer.

18 Q Was Mr. Skippy Felice an associate of yours and  
19 the Teamsters in other endeavors?

20 A Same answer.

21 Q Are you aware that Mr. Felice was convicted of  
22 embezzling funds from ITB Local 293 in 1979?

23 A Same answer.

24 Q Are you aware he was indicted again in 1982 for  
25 similar offenses?

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A Same answer.

Q Are you aware Mr. Skippy Felice is a paid partner of the Cleveland La Costa Nostra?

A Same answer.

Q Are you aware he was also the Joint Council recording secretary during your tenure in Joint Council 41?

A Same answer.

Q Mr. Presser, did you consider it a conflict of interest when you invested money in the Cleveland Commercial Truck Repair & Auto Body Shop which repairs trucks from companies who had Teamsters members?

A Same answer.

Q Did you substantially profit from your association with that company?

A Same answer.

Q Did you file an LM-30 report concerning your activities with that company?

A Same answer.

Q Is it also true that you were a partner of Mr. Robert Moss, a vice president of Leaseaway Company, which had 17,000 Teamsters members, in a liquor business?

A Same answer.

Q Sir, while you were president of the Hotel Workers Local 10, is it correct that you or members of your family owned a restaurant known as The Forge or The Dining Towers?

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A Same answer.

Q Do you think it was appropriate for you to have some interest or for your family to have an interest in such a restaurant staffed by union members when you were president of that local?

A Same answer.

Q Is there a relationship between that business and the Front Row Theatre business, sir?

A Same answer.

Q Sir, I would like to ask you now about your relationship with certain figures in the organized crime family in Cleveland and associates of that family. Is it correct, sir, that you have an ongoing relationship with Milton Maishe Rockman?

A Same answer.

Q Has he come to your office and visited you?

A Same answer.

Q Do you know that Mr. Rockman has been indicted for being the skim courier who collects money in Las Vegas and brings it to certain criminal interests in Cleveland, Ohio?

A Same answer.

Q Have you received any of that money?

A Same answer.

Q Did your father receive any of that money?

A Same answer.

1 Q Are you also aware that Mr. Rockman is the brother-  
2 in-law of John Scalish, who was, at one time, the boss of the  
3 Cleveland La Costa Nostra?

4 A Same answer.

5 Q What was the nature of your relationship, if any,  
6 with Mr. Scalish?

7 A Same answer.

8 Q Are you aware Mr. Scalish attended the Appalachian  
9 Conference?

10 A Same answer.

11 Q What is the nature of your relationship with  
12 Anthony Milano, who is the consigliere and underboss of the  
13 Cleveland organized-crime family?

14 A Same answer.

15 Q Are you aware Mr. Carmen Milano, a relation of Mr.  
16 Anthony Milano, was attorney for Joint Council 41 and Local  
17 410?

18 A Same answer.

19 Q What is the nature of your relationship with Jack  
20 Licavoli?

21 A Same answer.

22 Q Are you aware certain individuals indicated you  
23 report to Mr. Licavoli?

24 A Same answer.

25 Q What was the nature of your relationship to murdered

1 Teamsters officers Danny Greene and John Wardi, who were mem-  
2 bers of the Cleveland La Costa Nostra or associates thereof?

3 A Same answer.

4 Q Sir, you have had an ongoing relationship for many  
5 years with Mr. Anthony Libatore, who was a captain in the  
6 Cleveland organized-crime family. Would you indicate the  
7 nature of your relationship with Mr. Libatore?

8 A Same answer.

9 Q Was Mr. Libatore a beneficiary of certain publicity  
10 contracts let by the International Brotherhood of Teamsters?

11 A Same answer.

12 Q At the time you were conducting your friendship  
13 with Mr. Libatore, were you aware he murdered two policemen  
14 in the 1930s?

15 A Same answer.

16 Q Did you assist him, after he was paroled, in being  
17 put in charge of the Cleveland Sewer District?

18 A Same answer.

19 Q Were you aware Mr. Libatore was convicted in 1980  
20 of bribing an FBI file clerk?

21 A Same answer.

22 Q And that in 1982 he was indicted and convicted for  
23 the murder of Danny Greene?

24 A Same answer.

25 Q Prior to becoming president of the union, sir, is

1 it correct that you were the Director of Public Relations  
2 or Publicity for the International Brotherhood of Teamsters?

3 A Same answer.

4 Q As a part of those activities, you were in charge  
5 of purchasing advertisements and other --

6 Strike that question.

7 Were you part of choosing consultants and service  
8 providers who would purchase advertising for the International  
9 Brotherhood of Teamsters?

10 A Same answer.

11 Q For example, were you involved in any way with the  
12 choice of Hoover Gorin & Associates to be consultants with  
13 the International Brotherhood of Teamsters?

14 A Same answer.

15 Q Are you aware that they received a contract for  
16 1.3 million a year in Teamsters funds to provide publicity  
17 and public relations for the International Brotherhood of  
18 Teamsters?

19 A Same answer.

20 Q Are you aware of the allegations of kick-backs that  
21 you received from that contract?

22 A Same answer.

23 Q What do you answer people who have received those  
24 allegations?

25 A Same answer.

1 Q Do you know a man named Tom Lanci, at one time an  
2 associate or member of the Cleveland La Costa Nostra?

3 A Same answer.

4 Q Are you aware that when the Hoover Gorin Company,  
5 Hoover Gorin & Associates rented an office in the Cleveland  
6 area that it was above Mr. Lanci's clothing store, which you  
7 used to frequent?

8 A Same answer.

9 Q Are you aware that Mr. Lanci was a ghost employee  
10 with regard to his duties for that Hoover Gorin & Associates?

11 A Same answer.

12 Q Are you aware that Mr. Libatore was similarly a  
13 ghost employee?

14 A Same answer.

15 Q And that they received \$2,000.00 a month for being  
16 ghost employees?

17 A Same answer.

18 Q How often did you go to the location when Mr.  
19 Lanci had his clothing store?

20 A Same answer.

21 Q What part did you play in the authorization for  
22 the Highland Catering bombing in the 1970s in Cleveland,  
23 Ohio?

24 A Same answer.

25 Q What part did you play in authorizing the attempted

1 murder of Mr. Calta, who was, at that time, a business agent  
2 for Local 10?

3 A Same answer.

4 Q Sir, I would like to ask you a series of questions  
5 about a number of individuals who have ties to organized  
6 crime. I would like to ask you in each case, when I ask the  
7 name, to tell me whether you know the person, what the nature  
8 of your relationship is, and how many meetings you have ever  
9 had with that person, and the substance of those meetings.  
10 With regard to Mr. Tony Spilotra, member of the Chicago La  
11 Costa Nostra?

12 A Same answer.

13 Q Joseph Auippa?

14 A Same answer.

15 Q You certainly had an ongoing relationship with Mr.  
16 Al Pilotto, who was, at one time, president of the Laborers  
17 Local 5 in Chicago, until he was convicted of racketeering  
18 against his union. What was the nature of your relationship  
19 with Mr. Pilotto?

20 A Same answer.

21 Q With regard to Joseph Lombardo, who was accused  
22 of racketeering against the IBT Central States Pension Fund  
23 monies and who was convicted thereof?

24 A Same answer.

25 Q In New York, what is your relationship to Mr. Paul

1 Castellano, who is the owner, in fact, of Local 282 in that  
2 City?

3 A Same answer.

4 Q What is the nature of your relationship with Mr.  
5 Anthony Corallo, Tony "Ducks" Corallo, the boss of the  
6 Luchese family?

7 A Same answer.

8 Q What is the nature of your relationship with Mr.  
9 Tony Salerno, head of the Genovese family?

10 A Same answer.

11 Q Are you aware that Gerald Corallo, son of Mr.  
12 Corallo, has recently run for office in Joint Council 16?

13 A Same answer.

14 Q What is the nature of your relationship with Mr.  
15 Civella in Kansas City?

16 A Same answer.

17 Q What was the nature of your relationship with Sam  
18 Ancona?

19 A Same answer.

20 Q What is the nature of your relationship with Mr.  
21 Dominic Senese in Chicago?

22 A Same answer.

23 MR. RYAN: I would like to take a five minute  
24 break at this point.

25 (Short recess)

1 MR. RYAN: Let's go back on the record.

2 BY MR. RYAN:

3 Q Mr. Presser, I would like to ask you several  
4 questions concerning your union duties with Local 507. First,  
5 are you careful and conscientious in your duties as an officer  
6 of Local 507?

7 A Same answer.

8 Q Is it correct, sir, that yours is one of the two  
9 signatures which has to be on checks that are issued by that  
10 Local?

11 A Same answer.

12 Q Is it correct that you have maintained that position  
13 while you have been the International Brotherhood of Teamsters  
14 president?

15 A Same answer.

16 Q Did you at any time sign the checks of Mr. John  
17 Nardi?

18 A Same answer.

19 Q Was Mr. Nardi on the union payroll as a business  
20 agent or organizer?

21 A Same answer.

22 Q You are aware, are you not, of Mr. Nardi having  
23 pled guilty to having embezzled \$109,000 of union money?

24 A Same answer.

25 Q And that money was his salary because he was a

1 ghost employee?

2 A Same answer.

3 Q Did you approve the payment to him of union funds?

4 A Same answer.

5 Q Were you aware that he was a ghost employee?

6 A Same answer.

7 Q With regard to Mr. Alan Freidman's public accounts  
8 and Mr. Freidman's testimony, he has indicated that you may  
9 have offered to purchase his union from him by giving him a  
10 lifetime salary. Is that correct, sir?

11 A Same answer.

12 Q Was Mr. Freidman a ghost employee?

13 A Same answer.

14 Q You are aware, are you not, that he has been con-  
15 victed of embezzling money from the union; that is, his  
16 salary, because he was a ghost employee?

17 A Same answer.

18 Q What do you say to the members of Local 507 with  
19 regard to these uses of the union dues?

20 A Same answer.

21 Q In the course of the activities of Local 507, have  
22 you, or anyone acting on your behalf, received promises or  
23 assurances from officials of the United States which lead  
24 you to believe you are immune from prosecution for any of  
25 your actions?

1 A Same answer.

2 Q Mr. Presser, when you were here for your first  
3 deposition, you read us a portion of your statement that you  
4 had given to the Senate, and entered it as testimony with this  
5 Commission, where you said that there was a new era in the  
6 Teamsters. With all of the questions that have gone before  
7 us and with your inability to answer them on the record by  
8 taking your Fifth Amendment privilege, what do you say is  
9 the new era as it is presently constituted for the IBT?

10 A Same answer.

11 Q What actions constitute this new era?

12 A Same answer.

13 Q How do you reconcile your statement at that first  
14 deposition that the Cleveland matter was the only one that  
15 kept you from testifying, that you have now been told that  
16 investigation is closed and that you are not testifying?

17 A Same answer.

18 Q Mr. Presser, in the transcript of Joint Council  
19 41, on October 31, 1983, you stated, "They are appointing a  
20 new person as the Chairperson of the National Labor Relations  
21 Board. There have been two names submitted by me for the  
22 proper people for appointment. I'm positive we are going  
23 to get one of the two. I interviewed both people. We have  
24 firm commitments that the armed guards will come under the  
25 jurisdiction of being unionized." Sir, who did you receive

1 those firm commitments from?

2 A Same answer.

3 Q What was the nature of those commitments and what  
4 was the nature of your involvement in choosing of NLRB appoint-  
5 ments?

6 A Same answer.

7 Q Sir, in that same transcript you stated, "I've now  
8 interviewed three of the people, recommended two seats to the  
9 necessary people in Washington and we are firm in our commit-  
10 ment that we are going to get those appointments." That  
11 quote refers to two seats that were vacant on the Interstate  
12 Commerce Commission. And you further go on and state, and I  
13 quote: "That will give us the majority under the ICC -  
14 unquote. Who is the "us" that you are referring to, Mr.  
15 Presser?

16 A Same answer.

17 Q Who are the individuals with whom you dealt in these  
18 types of matters?

19 A Same answer.

20 Q How did you develop the relationships that allowed  
21 you to have this kind of influence?

22 A Same answer.

23 MR. RYAN: At this point, Mr. Presser, I would say  
24 to you that these are the subject areas with which we would  
25 like to inquire further, that we do not consider this matter

1 closed. I believe there are outstanding issues that we  
2 will have to consider. It might be necessary for you to  
3 return, with counsel, if the Commission is prepared to go  
4 forward in some further way that might include seeking  
5 authority of the Attorney General to compel your testimony.  
6 I cannot tell you how soon we will be back to you on that  
7 issue, but that while I am going to again adjourn this  
8 session of the deposition, I do not consider the matter  
9 closed and we will continue as need be.

10 MR. CLIMACO: Thank you.

11 (Whereupon, at 11:30 a.m., the deposition was  
12 recessed sine die.)

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C E R T I F I C A T E

I, Mary S. Smith, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was first duly sworn by me, that the testimony of said witness was taken by me in stenotype and thereafter reduced to typewriting by me, or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and, further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

*Mary S. Smith*  
Notary Public in and for the District of Columbia

My Commission expires  
March 31, 1987



#### ARTICLE IV

The normal work week of the employees covered by this agreement shall be Monday to Saturday.

#### ARTICLE V

The Union shall have the right to post notices on a bulletin board which shall be provided by the Employer. Said bulletin board shall be posted in a conspicuous place.

#### ARTICLE VI

The Employer agrees to supply and launder, free of charge, all uniforms, coats, etc. to each employee, where required by the Employer. A twelve dollar (\$12.00) per month uniform allowance shall be given to the employees.

#### ARTICLE X

Any employee who works on any day during the week in which a holiday above mentioned falls, shall be paid for such holiday. There shall be no compulsion for any employee to work on any of the aforementioned holidays and such employees shall not be discriminated against for his failure to perform such work. In the event that such employee does work on such holiday, then said employee shall receive an extra day's pay. If holiday falls on a Saturday, the employee shall be paid for that day. Lay-offs by the Employer shall in no way affect this provision.

#### ARTICLE XI

Any official representative of the Union shall be permitted to visit the Employer's premises during working hours for the adjustment of disputes, grievances or any other matters that may require his presence.

#### ARTICLE XII

A Shop Steward shall be appointed by the Union, whose duty it shall be to see that there is no violation of this agreement. Under no circumstances shall said employee be discriminated against by reason of being the Shop Steward. The Shop Steward shall have top seniority.

#### ARTICLE XIII

The Employer agrees not to discriminate against any employee because of Union activity or because of race, color or creed. Dishonesty, intoxication, chronic lateness or chronic absenteeism shall be deemed cause for dismissal. The Union shall have the right to question any discharge by Employer. Dispute shall be subject to arbitration.

## ARTICLE VII

The Employer shall keep its premises in a clean and sanitary condition, protect the machiner, equip its premises with a medicine chest containing the necessary medicines and bandages for use in emergency cases and carry insurance in the manner provided by the Workmen's Compensation Law of the State. The Employer shall provide a suitable dressing room or locker for the clothes of each employee.

## ARTICLE VIII

The employees covered by this agreement, who have been in the employ of the Employer for one (1) year or more, shall be entitled to and receive one (1) week's vacation, with pay in advance.

Remuneration for such vacation period shall be given to the employees when said employee leaves for such vacation. Vacation schedules shall be agreed upon between the Union and the Employer.

## ARTICLE IX

The employees shall receive a full day's pay, and except as herein provided shall not be required to work on the following holidays:

New Year's Day  
Labor Day

Independence Day  
Thanksgiving Day  
Christmas Day

A full day's pay shall be given for such holidays regardless of the day of the week upon which the holiday falls. This does not apply to temporary help.

## ARTICLE XIV

14.1 Adjustment of all complaints, controversies, disputes, and grievances arising between the Company and the Union, including but not limited to the interpretation, operation, application, or performance of the terms of this agreement, or because of the conduct or relations between the Union and the Company, or between the Company and a worker, or any complaint, controversy, dispute or grievance involving a claimed breach of any of the terms or conditions of this agreement, shall in the first instance be undertaken in accordance with the rules and procedure heretofore adopted by the parties and now obtaining. If such dispute is not thereby adjusted, adjustment shall be undertaken by representatives of the Company and representatives of the Union. If such dispute is not thereby adjusted, it shall be submitted to arbitration upon demand of either the Company or the Union; provided that as to any matter concerning which the provisions of this agreement are applicable, such provision shall be binding upon the arbitrator and further provided that the arbitrator shall have no power to amend, modify, alter or subtract from this agreement or any provision

14.2 There is hereby established a panel of four (4) arbitrators, who have been selected by parties and whose names are known to the parties.

Either party requesting arbitration as herein provided, shall transmit a notice to the opposite party by Certified Mail, Return Receipt Requested, pursuant to the grievance procedure set forth in the collective agreement, stating the subject of said arbitration. The arbitrator designated to hear said arbitration shall be the first named on a list of which each party has a copy. In any subsequent arbitration, the arbitrator, whose name next appears after the name of the last person selected, shall be designated as arbitrator. The parties may, however, mutually agree on any other arbitrator on said list even though he or she is not next in the order of appointment, in the event that the designated arbitrator is unavailable for any reason.

The parties shall share equally all costs and expenses in connection with any arbitration hereunder.

In the event of resignation, incapacity or death of any of the above named arbitrators, the parties shall meet to mutually select a successor.

14.3 The arbitration procedure herein set forth is the sole and exclusive remedy of the parties hereto and the workers covered hereby, for any claimed violation of this contract, and for any and all acts or omissions claimed to have been committed by either party during the term of this agreement, and such arbitration procedure shall be in lieu of any and all other remedies, forms at law, in equity, or otherwise, which will or may be available to either of the parties. The waiver of all other remedies and forums herein set forth shall apply to the parties hereto; and to all the workers covered by this contract.

#### ARTICLE XV

Regular employees laid off shall be so laid off according to their departmental seniority, and when rehired, must be rehired in the order of their departmental seniority.

#### ARTICLE XVI

The Employer agrees that it will not discriminate against any employee for failure of refusal to enter or pass through a picket line into the Employer's premises.

## ARTICLE XVII

If any employee, reporting for the usual day's work is, for any reason whatsoever, stopped from work by the Employer or laid off without having received one (1) day's notice (previously) by the Employer, then in that event the employee shall receive his or her pay for that day in accordance with the employee's weekly earnings.

## ARTICLE XVIII

18.1 Upon written request therefore from the Union, the Company will deduct from the wages of any worker who authorizes such deduction all Union Membership dues as provided in the authorization form set forth below, upon condition that at the time of such notice, the Union shall furnish the Company with a written authorization executed by the worker in the following form:

"I hereby authorize and direct my Employer to deduct from my wages and pay over to the Union on notice from the Union such amounts including initiation fees and assessments (if any owing by me) as my membership dues in said Union as may be established by the Union and becomes due to it from me during the effective period of this authorization. This authorization may be revoked by me as of any anniversary date hereof by written notice signed by me of such revocation, received by my Employer by registered mail, return receipt requested, not more than sixty (60) days, and not less than fifty (50) days before any such anniversary date, or on the termination date of the collective bargaining agreement covering my employment by like notice prior to such termination.

18.2 The Company will notify the Union of any revocations of such authorizations received by it.

## ARTICLE XIX

Any moneys deducted from the employees are to remain the property of the Union and in no event shall the Employer be permitted to use said moneys for any other purpose, but as stipulated above. Said moneys must be remitted to the Union within fifteen (15) days.

## ARTICLE XX

There shall be a thirty (30) day probationary period, during which time the Employer may discharge employee for any cause whatsoever. (New Employee)

ARTICLE XXI A

Neither the Employer, any employee or group of employees shall have the right to waive or modify the wage schedule or any provision in this contract without the written authorization of the Union.

ARTICLE XXI B

The Union shall have the right to audit the employees' payroll record of the Employer.

ARTICLE XXII

There shall be no reduction of wages, through or from the date of the signing of this agreement. Any more favorable working conditions other than those covered by this agreement shall not be abridged through the signing of this agreement.

ARTICLE XXIII

The Union shall not be held responsible in any way whatsoever for any strike, or lockout during the term of this agreement.

ARTICLE XXIV

Each worker is to have a rest period of fifteen (15) minutes in the morning

W A G E    S C H E D U L E

EFFECTIVE June 13, 1984, the Employer agrees that all employees shall receive an increase of twenty cents per hour.

EFFECTIVE June 13, 1985, the Employer agrees that all employees shall receive an increase of fifteen cents per hour.

EFFECTIVE June 13, 1986, the Employer agrees that all employees shall receive an increase of ten cents per hour.

Regardless of the starting rate for new employees after thirty (30) calendar days, they shall receive a 10c (ten cents) per hour increase.

On June 13, 1986, there shall be a negotiation re-opener to facilitate a hospitalization and pension plan. For all employees covered by this agreement. All other fringe benefits shall remain the same.

ARTICLE XXV

"Notwithstanding anything herein contained, in the event any Employer is delinquent at the end of a period, in the payment of dues created under this agreement, in accordance with the rules and regulations of the Trustees of such Funds, after the proper official of the Local Union has given seventy-two (72) hours' notice to the Employer of such delinquency in payments, the Union shall have the right to take such action as may be necessary until such delinquent payments are made, and it is further agreed that in the event such action is taken, the Employer shall be responsible to the employees for losses resulting therefrom."

ARTICLE XXVI

This agreement shall be binding upon the parties hereto their respective successors or assigns.

ARTICLE XXVII

This agreement shall be in full force and effect from the date of execution to March 13, 1987. If notice of a desire to change the terms and conditions of this agreement is not given by either party at least sixty (60) days prior to the expiration date of this agreement, there shall be an automatic renewal thereof for a period of one (1) year.

FOR THE UNION:

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\_\_\_\_\_

\_\_\_\_\_

Reserved - Page 162

## FEDERAL INDICTMENT/CONVICTION STATISTICS

The following appendix was prepared from statistical information compiled from federal law enforcement agencies and appropriate divisions of the Department of Labor. In September, 1984, the President's Commission on Organized Crime requested criminal indictment/conviction data for the period August, 1979 through August, 1984 from: the Department of Justice (DOJ); the Federal Bureau of Investigation (FBI); the Internal Revenue Service (IRS); and the Department of Labor's Office of Labor Racketeering (OLR), the Labor Management Standards Administration (LMSA), and the Office of Pension Welfare Pension Benefits (OPWPB).

The data is divided into two separate listings. The first listing is organized by international union. Within each union category, defendants are listed alphabetically. The second listing is alphabetical by defendant. Both listings include details on the defendant's union or business, the office held and the union local, the indictment date, the violation(s), the conviction date, prosecution status, sentence, and the agency participating in the indictment/conviction. In many cases, the participating agency did not furnish details for one or more of these categories. Wherever possible, duplication was avoided by noting that more than one agency participated in the case.

*Federal Indictments/Convictions, By Defendant*

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Acquavira, Anthony	Bricklayers and Allied Craftsman	Business agent, 6	4-15-83	Fraud against the Government	9-15-83			FBI
Adams, Ray	United Auto Workers	2036	9-17-81	Embezzlement	11-19-81	3-10-82 Acquitted		LMSA
Albana, Milton	Universal Workers Union	President, (CA)	2-7-84	Embezzlement	8-30-84		9-30-84 sentence pending	LMSA
Albanese, Jerald	United Seafood Workers	359		Failure to file tax return	1-15-81	Plead	3 years probation, 6 months + \$5,000 fine	OLR, IRS
Alexander, David	Communication Workers	President, 10404	8-3-83	Officer loans exceeding \$2,000	8-5-83	Plead	Suspended sentence, restitution of \$3,073.66	LMSA
Alexander, Ollie	United Steelworkers	Financial secy., 9-12209	4-38-83	False entries	4-28-83	Plead		LMSA
Allen, James	Chemical Workers	Financial secy., 386	3-2-84	Embezzlement, False records	6-20-84			LMSA
Allen, Laven E.	Maintenance of Way Employees Union	Sec.-treas., 1404	11-18-83	Embezzlement, Failure to keep records	11-18-83	Plead	5 years probation and restitution of \$3,096.15	LMSA
Allen, Richard M.	Roofers Union	Business mgr., 141	4-15-81	Embezzlement, False records, Aiding and abetting	6-5-81		6 months imprisonment	LMSA
Almeraris, Philip	United Seafood Workers					Plead	2 years probation	OLR, IRS

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Amoruso, Peter	President, PRP Industries, Ltd.		1-24-83	Failure to file tax returns	6-30-83	Plead		FBI, IRS, OLR
Anderson, Larry G.	United Steelworkers	Treasurer, 28-5839	11-23-83	Embezzlement, False entries, Destruction of union records	1-19-84	Plead		
Anderson, Mary	Metal Polishers	Financial Secy.	6-16-83	Embezzlement, False entries	6-16-83	Pretrial diver- sion agree- ment		LMSA
Anderson, Thomas E.	United Auto Workers	Financial secy., 753	5-17-82	Embezzlement	5-18-82		2 months imprisonment	LMSA
Andredes, Nereida	Chefs, Cooks, Pastry Cooks & Assistants	89	6-14-83	Embezzlement	6-14-83			FBI
Antaboky, John	P + PH 1269		12-31-84	Racketeering		Open		DOJ
Antaboky, Russell	P + PH 1269		10-31-84	Racketeering		Open		DOJ
Archual, Alfonse	Brotherhood of Railway & Airline Clerks	86	2-1-84	Violation of Fiduciary Responsibility, Failure to file income tax forms	5-22-84		\$10,000 fine	IRS, FBI
Artim, Stephen			4-19-83	Conspiracy		Open		DOJ
Ash, George E.	Sheet Metal Workers	Secy.-treas., 82	6-13-80	Embezzlement	8-28-80		18 months imprisonment	LMSA
Ashcraft, Dennis	Machinists Union	Fin. secy., 2501	11-12-82	Embezzlement	12-1-82		Probation	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Babbit, Richard M.	SunPipe Line Employees Association	Treasurer	7-11-84	Embezzlement	7-11-84			LMSA
Baer, Ora	Plumbers	Business agent, 166	3-12-84	Embezzlement, Mail fraud	6-11-84			LMSA
Baez, S Baggett, Talmadge	Prince carpentry Virginia Federal Employees Metal Trades Council		1-4-79	Tax evasion False statements	4-5-84 1-10-79		Probation	OLR LMSA
Bagwell, T. Baker, Willie	Iron Workers International Brotherhood of Electrical Workers	President, 340 387	5-17-83 2-4-81	Embezzlement Embezzlement	7-21-83 5-14-81	Dismissed		LMSA DOJ
Balaban, Arthur	Carpenters		3-19-81	Taft Hartley, False information	3-19-81			FBI
Baldwin, Philip P.	Oil, Chemical & Atomic Workers International	President, 3-883		Embezzlement	6-26-84			LMSA
Ballard, Marvin	Brotherhood of Electrical Workers	Secy.-treas., 1116	7-10-84	Embezzlement	7-13-84			LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Balog, Ronald J.	Oil, Chemical & Atomic Workers	Secy.-treas., 1-895	7-1-83	Embezzlement	8-3-83	Plead	2 yrs. suspended sentence with 30 weekends imprisonment, 5 yrs. probation, restitution of \$36,499	LMSA
Barnes, William E.	Iron Workers	Business agent, 340	5-17-83	Embezzlement	7-29-83	Plead		LMSA
Barnum, Thomas	Starbill Enterprises		12-5-82	Conspiracy, False tax returns	4-7-83	Plead	2 years \$25,000 fine	IRS, FBI, OLR
Barraro, J.	Prince Carpentry			Tax evasion	4-3-84			OLR
Baruso, Constantine	Longshoremen and Warehousemen	President, 37	10-19-83	Embezzlement Mail fraud, false reports	12-19-83		3 years imprisonment, 5 years probation and restitution of \$5,653	LMSA
Batiste, Richmond	Steelworkers	President, 36-14425	8-25-81	Embezzlement	11-2-81		Suspended sentence	LMSA
Beach, Elaine M.	Machinists	Secy.-treas., 982	3-18-80	False entries	7-17-80		Probation	LMSA
Beavers, Buddy	Allied Industrial Workers	Fin. secy., 591	6-19-81	Embezzlement, False entries	9-23-81		Suspended sentence	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Bedale, Vincent	Musicians	802	2-28-80	Extortion	9-8-80		Suspended sentence	LMSA
Beecher, Paul	Dairy, Industry and Allied Foods	Insurance broker	1-9-84	False information, Mail fraud, Embezzlement	3-12-84			FBI
Belmonte, A.	Prince Carpentry			Tax evasion	5-10-84			OLR
Bell, James	Swift Fresh Meats		10-8-82	Mail fraud	2-25-83		3 years probation, \$1,000 fine, \$2,199 restriction	OLR
168 Bell, Joseph	United Mine Workers	President	10-6-81	Failure to maintain records, Destroying record	10-6-8		Suspended sentence	OLR
Bender, Kenneth	Future Products Employees Association	President	9/79	Embezzlement	10/79		Suspended Sentence	LMSA
Benitz, Marta			12-19-79	Embezzlement		Open		DOJ
Berry, Karen	Allied Industrial Workers	Fin. secy., 719	5-23-80	False entries	6-27-80		1 year probation	LMSA
Bertman, Phillip			12-13-79	Interstate travel to aid racketeers	1-5-80			DOJ
Biondo, J.	Prince Carpentry			Tax evasion	4-3-84			OLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Billera, John	United Seafood Workers	Trustee, 359	8-11-81	Rico, Illegal payments Perjury obstruction	3-12-82	Plead	1 year imprisonment, \$10,000 fine	OLR, IRS
Billingsley, Calvin	Birmingham Bricklayers		5-2-84	Embezzlement				OPWBP
Black, Richard	Operating Engineers		6-7-82	Hobbs Act	6-7-82			FBI
Blake, Jerry	United Auto Workers	Fin. secretary, 699	3-20-80	Embezzlement	6-6-80		2 years probation	LMSA
Blankenship, Christine	Steelworkers	Fin. secretary, 14505	9-26-84	Embezzlement	9-26-84			LMSA
Blankenship, Ronny	United Mine Workers		6-7-83	Hobbs Act, Firearms	4-13-84			DOJ
Blatt, William F.	Flint Glass Workers	Fin. secretary, 507	2-17-83	Embezzlement, False entries, Failure to maintain records	5-13-83	Plead		LMSA
Bloch, Renee	Musicians	Business agent, 47	1-12-81	Bribery, Conspiracy to commit offense	5-26-81			FBI
Blue Ribbon Fish Co.	United Seafood Workers	359		Taft-Hartley	11-30-81	Plead		OLR, IRS
Boardman, Gloria	United Auto Workers	Office secretary, 338	6-20-83	Embezzlement	6-20-83	Plead		LMSA
Bojanski, Patricia	United Food & Commercial Workers	P-60	8-22-84	False entries		Open		LMSA

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Bond, David J.	Brotherhood of Railway & Airline Clerks	920	4-24-79	Embezzlement	5-30-79		1 months imprisonment	LMSA
Bunn, L. Booth Fisheries	Prince Carpentry United Seafood Workers	359	3-28-84 6-8-81	Tax evasion Taft-Hartley			Suspended sen- tence	OLR OLR, IRS
Borghi, John Boster, Richard A.	Rubber Workers Machinists	Treasurer, 256 Secy.-treas., 104	12-5-83 9-11-84	Embezzlement Embezzlement	2-3-84 9-11-84			LMSA LMSA
Boulahanis, Nick			7-23-80	Hobbs Act, Extortion	2-27-81			DOJ
Bowers, Marie	International Brotherhood of Electrical Workers	Office manager, 712	9-27-78	Embezzlement		Dismissed 7-9-81		LMSA
Bowman, Herman	Service Employees Union	36	6-6-84					FBI
Brammer, Richard	Machinists	Fin. secretary, 561	11-3-83	Embezzlement, False entries	3-7-84			LMSA
Brandt, Walter R.	Machinists	Secy.-treas., 339	12-9-80	Embezzlement, Destroying records	3-24-81		1 years impris- onment	LMSA
Brazell, Mary Brent, Albert C.	Carpenters Stage and Picture Operators	1778 Business agent, 46	12-8-82 6-9-81	Embezzlement False reports	4-1-83 6-19-81	Plead	Suspended sen- tence	LMSA LMSA
Brewer, Kevin	United Paperworkers Union	Treasurer, 836	8-11-81	Embezzlement	9-30-81		Suspended sen- tence	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Brogan, Richard P.	Furniture Workers	Secy.-treas., 1	5-16-80	Embezzlement, False reports, Failure to maintain records	6-22-80		1 year suspended sentence	LMSA
Bromell, Jackson			7-18-84	Failure to file income tax returns		Open		DOJ
Bromwell, H.	Prince Carpentry			Tax evasion	7-20-84			OLR
Bromell, J.	Prince Carpentry			Tax evasion	7-20-84			OLR
Bronzovic, Nick	Painters	Business agent, 1232	3-31-83	Embezzlement		Acquitted 6-16-83		LMSA
Brown, Lonnie	Boilermakers	Secy.-treas., 482	6-12-84	Embezzlement	6-12-84			LMSA
Brown, Richard B.	Printing and Graphics Communications Union	Vice-president, 495	2-1-83	Embezzlement, False entries	3-24-83			LMSA
Bryan, Billy Ray	Steelworkers	President, 7326	11-3-81	Embezzlement		Acquitted 2-26-82		LMSA
Bryant, Adrena B.	Dupont Employees		9-13-84	Embezzlement		Open		LMSA
Bullard, George D.	Steelworkers	7326	11-3-81			Acquitted 2-26-82		LMSA
Burgess, Raymond C.	United Trades International	President, 18	12-1-80	False entries	12-23-81		Suspended sentence	LMSA
Burgess, Ray	Production Workers	148	11-21-83	Probation violation	11-21-83			LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Burke, John	Metro Dental Services		12-20-81	False loan	1-25-82	Plead	5 years proba- tion	OLR
Burke, Walter	International Brotherhood of Electrical Workers	Fin. secretary, 5	9-19-79	Conspiracy		Dismissed 12-10-79		LMSA
Burnham, James	Furniture Workers	Secy.-treas., 144	2-14-83	Embezzlement	2-24-83	Plead		LMSA
Burt Chevrolet, Inc.	Retail Clerks	7	4-7-80	Conspiracy		Dismissed 6-6-80		LMSA
Burton, Harley, Jr.	Marble Polishers	Business agent, 201	9-30-81	Embezzlement	11-23-81		45 days impris- onment	LMSA
Bush, Robert F.	Railroad Signalman	Secy.-treas., 207	2-6-84	Embezzlement	3-26-84			LMSA
Bushong, John F.	Operating Engi- neers	542		Mail Fraud	3-25-82			FBI
Bushong, John	Operating Engi- neers	1242	11-30-82	Mail Fraud	11-30-82			FBI
Byles, Bernice H.	International Brotherhood of Electrical Workers	Office secretary, 182	4-6-81	Embezzlement, False entries	4-20-81		Probation, fine	LMSA
Bynum, Billy C.	Carpenters	Fin. secy., 2514	9-12-83	Embezzlement, Failure to file & maintain records	9-18-83	Plead		LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Caldwell, Larry	Maintenance of Way Employees	Secy.-treas., 113	7-18-83	Failure to main- tain records	7-18-83		Probation	LMSA
Camara, Albert	Machinists	Former Pres., 1871	3-21-80	Embezzlement	7-16-80		1 year suspended sen- tence	LMSA
Cameron, Charles	Carpenters	Exec. fin. secy., Bus. agent, 918	2-15-84	Embezzlement		Open		LMSA
Camp, Charles	Plasterers	Financial sec.- bus. agent, 908	8-22-79	Embezzlement	9-28-79		Probation	LMSA
Campbell, John	United Auto Workers	Chairman-barg. comm., 699	1-17-79	False entries, conspiracy	6-7-79		2 years proba- tion	LMSA
Canfield, Marlene	Machinists	Office secy., 82	6-29-84	Embezzlement				LMSA
Capra, Joseph	Blasters	29	3-17-81	Perjury		Dismissed		DOJ, IRS, OLR DOJ LMSA
Carr, Lawrence			8-20-85		8-24-81			
Carroll, George	United Paper Workers Union		7-19-78	Conspiracy	10-19-82		3 yrs. suspended sen- tence	LMSA
Carter, Jerry	Tile, Marble Ter- razo Workers	International Representative	1-2-82	False records	3-1-82			DOJ, FBI, OLR OLR, DOJ
Casale, Ann	Casale Roofing, Inc.	owner	9-14-83	Conspiracy, Mail fraud	4-30-84			OLR, DOJ
Casale Edward	Casale Roofing, Inc.	owner	9-14-83	Conspiracy, mail fraud	4-30-84			OLR, DOJ

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Cavaliere, Samuel	Blasters	29	3-17-81	Contempt	7-1-81			DOJ, IRS, OLR
Cerone, Anthony	X-Pres; Truck Lines		2-22-83	Mail fraud		Dismissed 4-25-83		OLR
Chabucos, George	Iron Workers	Bus. agent, 498	1-7-80	Perjury, Arson	3-24-81			DOJ, OLR
Chappetta, Norman	Bakery and Tobacco Workers	Former fin. sec'y., 35	10-13-80	Embezzlement	11-26-80		Two yrs. suspended sentence	LMSA
Churchwell, Samuel	Plasterers	Former fin. sec'y., 224	1-24-84	Embezzlement of \$4,129 and false records	4-2-84	Plead	Three yrs probation, restitution of \$823	LMSA
Ciccarone, John	United Seafood Workers	Trustee, 359	8-11-81	Rico, illegal payments		Plead	One yr. unsupervised probation \$7500 fine	OLR, IRS
Circoni, Gerald	Data Access Systems, Inc.	President	1-25-83	Interstate transportation of stolen goods				FBI
Cichurillo, N. J.	Bella Mia Food Products, Inc.	Officer	6-25-80	Arson, insurance fraud			One year sentence + three years probation (fugitive from state prosecution)	OLR, IRS

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Clark, Thomas	Molders	Treas., 59	11-17-82	Embezzlement false entries	12-80-82	Plead	1-14-83: 3 1/2 yrs. sentence, 5 yrs. probation, restitution of \$2,755, 200 hours community service	LMSA
Clausen, Bernard	Bakery and Tobacco Workers	Pres. bus. agent, 433	10-16-80	Embezzlement	2-24-81	Acquitted		LMSA
Clayton, Billy	Operating Engineers	Texas Speaker of the House	6-12-80		10-22-80	Acquitted		FBI
Clear, Ronald	Retail & Wholesale Clerks	Former pres., 143	2-13-80	Embezzlement	5-20-80		Suspended sentence	LMSA
Cobb, Paul M.	Plasterers & Cement Masons	Former bus. agent, financial secy., 524	10-17-83	Embezzlement	10-17-83			LMSA
Collfel, Gale	Machinists	Former sec'y.-treas., 982	12-16-82	False entries	12-16-82	Probation		LMSA
Cohen, Charles	R&W. Dept. Store	Organizer, 388	3-27-80	Embezzlement from union & welfare fund	7-8-80	Plead	6 months sentence and 3 years probation	OLR
Cohen, Robert	Newspaper Guild	Owner Hudson Company News	4-21-81	Aiding and Abetting	6-25-81			FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Cole, Walter	United Seafood Workers	Accountant, 359	5-13-82	False ERISA reports	7-13-82	Plead	3 years proba- tion; 30 hours community service, \$5,000 fine	OLR
Coley, W. D.	Machinists	Former fin. secy., 368	12-12-79	Embezzlement	5-27-80		1 months imprisonment	LMSA
Colivito, M.	Prince Carpentry			Tax evasion	5-10-84			OLR
Collins, Charles	American Federa- tion of Gov't Employees	Former Finan- cial Secretary, #2519	11-17-83	Perjury		Open		DOJ
Colley, Faith	Tranportation Union	Former Secretary/ Treasurer	4/10/84	Embezzlement	4/20/84			LMSA
Collins, Dennis		Former Secretary/ Treasurer	9/28/81	Embezzlement	1/25/82			LMSA
Combs, Kevin	Carpenters	Former Presi- dent & Finan- cial Sec.	9/21/84	Embezzlement		Open		LMSA
Comer, Arthur	Steelworkers	Former Vice President, #7326	11/3/81	Embezzlement		Acquitted 2/26/82		LMSA
Commerical Fish Cor- poration	United Seafood Workers	#359	5/7/81	Taft-Hartley	5/7/81	Plead	Suspended sen- tence	OLR, IRS
Commuto, Angelo				Failure to file return	5/79		\$2,000 fine, 1 month impris- onment, 2 years probation	IRS

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Conklin, Wallace	Machinists	Member	12/5/81	Extortion	11/24/82			FBI
Conover, James	Law Enforcement and Security Officers	Secretary/ Treasurer, #40B	9/20/81	Embezzlement, Perjury	12/30/81	Conviction upheld on appeal 5/30/83	3 years imprisonment, 5 years probation	OLR
Conover, James		Security Guard, #40B	9/10/81	Perjury, Counterfeiting/ Forgery	7/1/83			DOJ
Conroy, Richard J. Sr.	Independent Insurance Agents Union of Maryland	Former Financial Secretary	6/12/79	Embezzlement	8/27/79		2 years suspended sentence	LMSA
Cook, Glenn S.	Oil, Chemical and Atomic Workers	Former Pres., #2-947	8/19/81	Embezzlement	12/17/81		3 years probation	LMSA
Cook, Kathleen E.	Oil, Chemical and Atomic Workers	Former Financial, #2-947	8/19/81	False entries	12/17/81		3 years probation	LMSA
Cooper, George	PII2		3/9/81	Payoffs	2/3/82			DOJ
Corbett, Harry, Jr.	Maintenance of Way Employees	Secretary/ Treasurer, #806	11/20/83	Embezzlement	11/20/83			LMSA
Cordial, Mary	Roofers	Secretary/ Bookkeeper, #75	10/1/82	Fiduciary Responsibility	10/1/82			FBI
R J Cornelius Fish Company	United Seafood Workers	#359	6/18/81	Taft-Hartley			Suspended sentence	OLR, IRS
Cotton, Opal	International Brotherhood of Electrical	Former Financial Secretary, #1149	10/20/80	Embezzlement	10/28/80		2 years suspended sentence	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Coudill, Benny	United Mine Workers		6-7-83	Hobbs Act, Firearms	4-13-84			DOJ
Cox, Rosemary	Woodworkers	Former Fin. Secy., 303	5-23-84	Embezzlement	5-23-84			LMSA
Creason, Robert	Iron Workers	Former Treas, Bus. Agent, 520	5-9-83	Embezzlement, false entries	6-30-83		1 month impris- onment	LMSA
Croke, John	Rubber Workers	Former Treas., 104	5-7-81	Embezzlement	5/7/81		suspended sen- tence	LMSA
Cross, Charlie	Iron Workers	Asst. Bus. Agent, 387	3-9-82		12-30-82			OLR, FBI
Cross, Donald R.	Machinists	Former Secy- Treas., 747	10-6-81	Embezzlement, false entries	10-9-81		6 months' imprisonment	LMSA
Cross, Julius	Carpenters	Organizer, District Council		Accepting payoff	10-20-80		Pre-trial diver- sion	DOJ, FBI, OLR
Crowley, Charles	Boilermakers	Bus. Mgr., 28	6-10-80	Rico, fraud, false statement of tax return	6-10-80	Plead	6 months, \$5,000 fine, barred to per- manent union position	IRS, OLR
Cuberio, Meliton	United Seafood Workers	Officer, 359	12-8-81	Tax evasion			5 years proba- tion; three month sentence; \$3,000 fine	OLR
Cuccaro, G.	Prince Carpentry			Tax evasion	3-20-84			OLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Culpepper, B.	International Brotherhood of Electrical Workers	Former Fin. Secy Treas., 1115	7-20-81	Embezzlement	1-15-82		3 years probation	LMSA
Cunningham, D.	Allied Int'l Union of Sec. Guards	President Internat'l.	8-21-81	Rico, Bribery, Obst. of Justice, Arson, Embezzlement	6-16-82	Convicted		DOJ, OLR, FBI
Cupelli, F.	Prince Carpentry Plan			Tax evasion	5-8-84			OLR
Currie, Ralph	Administrator Machinists		3-9-82	Failure to file reports	4-7-82			DOJ, FBI, OLR
Custer, Charles		Secy-Treas., 2108	3-3-83	Embezzlement, False entries	3-21-83			LMSA
Dahm, Antoinette	United Auto Workers	Bookkeeper, 664	7-29-83	Embezzlement	7-29-83		Deferred prosecution agreement signed	LMSA
Dale, Raymond	Machinists	Former Fin. Secy., 2593	7-21-81	Embezzlement	5-10-82		4 years probation	LMSA
D'Ambrosia, Edward	Toys, Dolls & Production Workers	55	12-9-80	Conspiracy	5-18-81			DOJ, OLR
D'Ambrosia, Louis	Toys, Dolls, & Production Workers	President, 55	9-12-80	Conspiracy, Embezzlement of Assets	5-18-81		Barred from Office	DOJ, OLR
Danese, Dennis	Operating Engineer	542	5-9-83				Acquitted	FBI
Darchug, M.	Prince Carpentry			Tax Violation	3-30-84			OLIC

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Dare, Sherrill	Communications Workers	Secy-Treas, 6316	11-15-82	Stealing by deceit and forgery	6-23-83		Dismissed upon restitution of \$750 and 2 yr deferred pros.	LMSA
Davenport, Willie	International Brotherhood of Electrical Workers	Former Treas., 2127	5-30-80	Embezzlement	5-30-80		5 yrs. probation	LMSA
Davidson, Irving	State of Insurance Plan		8-15-80	Rico			Acquitted	FBI
Davis, Larry	Antioch School of Law	Former Pres.	5-24-84	Embezzlement, aiding and abetting	9-7-84			LMSA
Davis, Oscar	Letter Carriers	Treas., 9	8-7-80	Embezzlement	9-18-80		suspended sentence	LMSA
Davis, Ronald	Washington State Postal Workers Union	Former Treas.	11-14-83	Embezzlement of \$3,051.14; false records	7-31-84	Pre-trial diversion	Restitution of \$1,500 in monthly payments	LMSA
Dearasio, R.	Prince Carpentry			Tax evasion	3-28-84			OLR
Decker, R.	Painters	1269		Rico	10-31-83			OLR
Delker, Franklin	P&H 1264		12-31-84	Racketeering, Hobbs Act, Payoffs		Open		DOJ

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Delker, Robert	P&PH 1264		10-31-84	Racketeering, Hobbs Act, Payoffs, False income tax returns		Open		DOJ
Deminico, Alberto	Government Employees (AFGE)	Former Pres., 1052	5-3-82	Embezzling \$1,950.84	6-24-82		7-23-82 2 years suspended sentence, 3 years probation, \$1,950.84, 200 hours of community service OLR, IRS	LMSA
DePasquale, Carl	United Seafood Workers	Employee				Dismissed 1-7-83		
Derrick, Norman	Security Service Officer Association	Pres.	11-2-82	Embezzlement, false entries, false reports	1-11-83		Plead guilty	LMSA
Derrico, J.	EOD Services		8-2-84	Mail fraud				OLR
Desjardins, D.	United Paperworkers Union	Former Treas., 270	1-23-81	Embezzlement, false entries	1-23-81		Suspended sentence	LMSA
Devine, Larry	Bakers Independent Union	Former Treas.	5-16-83	Embezzlement, false reports	6-13-83			LMSA
DiGuilio, Peter	Video Systems Corporation	Vice Pres.		Securities violation, failure to file income	1-27-83			FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Dimicelli, S. DiJames, Pascal	Prince Carpentry Tile, Marble & Terrazzo Workers	Int's Pres.	1-21-82	Tax Evasion False statements; failure to file trustee report	5-10-84 12-14-82			OLR DOJ, FBI, OLR
Dimicelli, V. DiNapoli, Vincent	Prince Carpentry Brotherhood of Carpenters & Joiners	Owner of Intercity Drywall, Dist. Council of NYC	3-9-81	Tax evasion Rico	5-10-84 4-14-82			OLR FBI, DOJ
Domenick, Lategano	United Seafood Workers	Employee, 359	3-18-82	Tax exasion	9-16-82	Plead	4 month sentence 3 years probation	OLR, IRS
Donnato, R. Donohue, Peter	Carpenters Plasterers and Cement Masons	Former Secy- Treas., 96	2-6-79	Tax evasion Embezzlement	5-10-84 3-22-79		Probation	OLR LMSA
Donovan, Patrick	Plumbers	Secy-Treas., 55	11-17-84	Extortion		Dismissed		FBI
Doolin, Emmitt E.	Retail Wholesale Workers	Pres., 110	8-9-83	Embezzlement	1-4-84			LMSA
Doolin, Emmitt	Retail, Wholesale Clerks	Pres., 110	8-9-83	Embezzlement, (\$4,000); false entries		Trial pending		LMSA
Dossanto, G. Doyle, Sidney E.	Prince Carpentry Government Employees	Former Treas., 1739	6-18-80	Tax Evasion Petit larceny	4-2-84 6-18-80		Probation	OLR LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Downs, Billy W.	Brotherhood of Carpenters and Joiners	Pres., 3100	10-21-82	Embezzlement	1-10-83	Plead	Plead guilty to false entries as charges in superseding criminal information—indictment dismissed	LMSA
Drajen, Victoria	Newspaper Guild	Office Secy, 26	1-25-83	Embezzlement	4-15-83	Plead		LMSA
Driver, David	Furniture Workers	Former Pres., 439	7-21-81	Embezzlement, failure to file upon financial reports	10-27-81		5 months imprisonment	LMSA
Duff, John	Brotherhood of Carpenters & Joiners	42	2-9-81	Embezzlement, obstruction of justice, employer pay-offs	4-22-82			DOJ, OLR
Duff, John	Distillery Workers	Int'l. VP, 42	3-31-82	Embezzlement, filing false LM	8-19-82		Two years imprisonment	OLR
Dumas, Gene	Iron Workers	Bus-Agent, 340	5-17-83	Embezzlement	7-29-83	Plead		LMSA
Dunato, R.	Prince Carpentry			Tax evasion	3-29-84			OLR
Durick, John	Steelworkers	Pres., 1256	9-12-80	Embezzlement		Dismissed 12-3-80		LMSA
Dunn, James	United Steelworkers	Int'l. Rep.	9-28-83	Tax, Mail Fraud	1-30-84			FBI, IRS
Duvall, Carl	Operating Engineers	101	2-13-79	False statements, conspiracy	5-16-79	4-21-80 conviction affirmed	2 months imprisonment	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Eye, Ulie	Law Enforcement Security Union	Atlanta P.D.	11-2-81	False Records	6-23-82	Pretrial Diversion		DOJ, FBI
Dykstra, Fred	United Steelworkers	Contractor	9-28-83	Mail fraud, tax evasion	1-25-84			FBI, IRS
Eastway, Robert	Typographical Union		5-22-82	Embezzlement, Failure to file reports	9-13-82			LMSA
Edmonds, George	Grain Millers	Fin. Sec., 73	8-4-81	Embezzlement, False entries	3-1-82		3 years proba- tion	LMSA
Elliot, Leroy	Woodworkers	Fin. Secy., 5-478	11-28-83	Embezzlement, False records, Conspiracy to conceal embez- zlement	11-28-83			LMSA
Ellison, Larry	Machinists	Secy.-treas., 1521	2-9-83	False reports	2-16-83	Plead guilty	Suspended sen- tence, 2 years probation, 4 hours of volun- teer work per week	LMSA
Elm Transit Mix			4-14-79	False ERISA records				FBI, OLR
Elton, Frank	United Steelworkers		6-12-84	Conspiracy to commit offense, LMRA, False information	8-9-84			FBI
Endicott, Billy	United Mine Workers	Secy.-Treas., 1532	9-5-84	Embezzlement	9-12-84			LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Enright, Joseph	Roofers Union	President, 30	9-14-83	Conspiracy, Mail fraud	4-30-84			OLR, DOJ
Rsperti, Nicholas	Cement Workers	Fin. Secy., 196	9-3-82	False entries	9-17-82	Plead		LMSA
Evans, Fred	J. W. Carroll & Sons		4-5-84	Embezzlement, Mail fraud				OPWBP
Everingham, Barbara	Communications Workers	Secy.-Treas. 9411	8-15-83	Embezzlement	11-22-83	Plead guilty	2 years imprisonment with all but six months suspended. Civil judgment of \$90,000 filed against her by the union	LMSA
Farley, Thomas	Sheet Metal Workers	73	9-21-82	Mail, fraud, Embezzlement	5-9-83			FBI
Feeney, William			11-15-79	Benefit plan kickbacks	5-16-80			DOJ
Felberbaum, Max	PRP Ind., Ltd.	Accountant	1-24-83	Failure to file corporate tax returns	9-1-83			DOJ, IRS, OLR
Felger, Harold	Associated Trades & Crafts	Secy.-Treas.	6-28-84	Embezzlement	8-10-84	Plead		OPWBP, OLR, DOJ
Felger, Nora A.	Associated Trades & Crafts		6-28-84	Embezzlement				OPWBP, DOJ
Field, Tim	International Brotherhood of Electrical Workers	1102		Embezzlement	10-4-85			LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Fine, Frank	Marble Polishers	Secy-Treas., 101	3-11-75	Embezzlement, Failure to main- tain records		Dismissed 11-12-80		LMSA
Finney, D.	Tile & Marble Workers Interna- tional			Embezzlement	8-14-84			OLR
Finney, Laurie	Sheet Metal Workers	Office Secre- tary, 67	10-8-82	Embezzlement False reports	10-8-82	Pretrial diver- sion	1 year probation	LMSA
Fisher, John			3-18-81	Mail fraud, Conspiracy	9-28-81			DOJ
Fogliano, Frank	United Seafood Workers			Taft-Hartley		Plead	suspended sen- tence	OLR
Folcarelli, A.	Henry Marzilli Associates			Conspiracy	4-5-84			OLR
Ford, Michael			3-18-81	Mail fraud, conspiracy	9-28-81			DOJ
Fortunato, Anthony	Blasters	29	3-17-81	Conspiracy		Acquitted 12-29-81		DOJ, IRS, OLR
Fortunato, Anthony	Blasters	29	3-17-81	Employer pay- offs	3-12-82			DOJ
Ford, James	United Auto Workers	Fin. Secretary, 235	6-17-82	Embezzlement		Dismissed 7-22-82		LMSA
Foster, Henry	Paperworkers	Fin. Secretary, 652	8-11-83	Embezzlement	2-23-84			LMSA
Frasier, Jerome F.	Grain Millers	Fin. Secretary, 118	10-14-83	Embezzlement	11-1-83			LMSA
Fraticegli, Carlos	Union General de Trabajadores	Administrator	7-6-83	Embezzlement	9-30-83	Trial pending		LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Frechiani, X. Fricks, Sherman	Prince Carpentry Pipefitters	Business Man- ager, 211	5-26-81	Tax evasion Interstate travel to aid racketeering, Conspiracy to commit offense	4-2-84 4-5-84			OLR FBI
Frontiero, James	Boilermakers	Secy.-treas., 1129	1-14-83	False reports	4-12-83	Plead		LMSA
Frye, Harry	International Brotherhood of Electrical Workers	Business agent, 640	7-20-83	Conspiracy, False statements, Embezzlement	10-5-83	Plead		OLR
Frye, Joe	Plumbers	Business agent, 521	8-14-80	Embezzlement, Extortion	10-22-80		6 months imprisonment	LMSA
Fuchs, Daniel	Retail Clerks	Business Man- ager, 888		Embezzlement	1-8-80		90 weekends imprisonment	OLR
Fulton Fish Mongers Association	United Seafood Workers			Taft-Hartley	9-28-82	Plead	suspended sen- tence	OLR
Gaiton, Ignacia	Guards	Former Secy/Treas., 66	3-3-83	Embezzlement of \$1,292	7-18-83	Plead of guilty	10-28-83—one yr. suspended sentence, 3 years probation, restitution of \$1,000.	LMSA
Gamble, John	Metal Polishers	Secy-Treas., 128	1-8-79	Embezzlement	3-9-79		2 years suspended	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Gangi, Rosario	United Seafood Workers	359		Illegal labor payments	3-26-83	Plead	suspended sen- tence	OLR, IRS
Gans, David S.	Circulation Distributors	Secy-Treas., 502	2-16-84		5-4-84			FBI
Garcia, Trinidad	Champlin Corpus Christi Refinery Employees Feder- ation	Former Secy- Treas., Texas	8-6-84	Embezzlement; failure to keep records	9-27-84	Plead, Embez- zlement		LMSA
Garfinkie, Howard		Real estate operator	7-26-76	Benefit plan kickbacks	12-20-79			LMSA
Garret, John H.	Operating Engi- neers		5-26-81		2-25-82			FBI
Garrison, Tom	International Longshoremen and Warehouse- man's Union	Former Pres., 35	8-27-84	Embezzlement of \$45,312	8-27-84	Plead, eight days impris- onment	9-27-84	LMSA
Garza, Jose	International Brotherhood of General Workers		1-29-81	Mail fraud, Embezzlement from employee benefit plan	1-12-83		Fugitive	FBI
Gates, Glinda	Maintenance of Way Employees	Secy	5-26-81	Embezzlement	6-1-81		Office Secretary; 3 months impris- onment	LMSA
Gedye, Cynthia	Machinists	Former Secy- Treas., 1742	9-27-84	Embezzlement, false records		Open		LMS
George, Victor	Painters	Former Bus. Rep., 804	8-12-83	Embezzlement, false reports	10-27-83	Plead		LMS

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Geraghty, Patrick			1-29-82	Failure to file income tax returns	5-4-82			DOJ
Gerker, John	Auto Workers	Committeeman, 699	1-17-79	Conspiracy	6-20-79		2 years probation	LMSA
Gerstle, Albert	Fraternal Order of Police	Bank Officer, Lodge #5		Embezzlement				FBI
Gesauly, P.	Prince Carpentry		7-20-84	Tax evasion				OLR
Giambattista, Nicholas			7-31-80	Employer payoff	10-23-80			DOJ
Gibson, Paul	Roofers	Bus. Mgr., 33	10-21-82	Hobbs Act	1-21-83			FBI, DOJ, OLR
Gordon, Chris	Paper Workers	Former Treas., 720	1-27-84	Embezzlement	3-14-84			LMSA
Gossett, Gerald	Machinists	Former Pres., 141	5-25-84	False reports	5-25-84			LMSA
Gouker, James	Machinists	Former Secy-Treas., 1738	10-6-81	Embezzlement, false entries, destroying records	10-30-81	Probation		LMSA
Gow, J.	A&P Tea Co.			Aiding/Abetting	8-2-84			OLR
Gragas, A.	Prince Carpentry			Tax Evasion	4-11-84			OLR
Gragas, I.	Prince Carpentry			Tax Evasion	4-5-84			OLR
Grande, Victor	United Seafood Workers	Employee	9-30-82	Income Tax evasion, Conspiracy	5-83	Plead	Five years probation	OLR, IRS

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Green, Ralph	Printing & Graphic Commu- nication	Former Secy- Treas., 713		Embezzlement, false report		Open		LMSA
Green, Roger	United Auto Workers	Fin. Secy., 2096	1-25-83	Embezzlement	2-9-83	Plead		LMSA
Greenberg, Jack	PRP Ind, Ltd.	Partner	1-24-83	Failure to file tax return	9-1-83			FBI, DOJ, IRS, OLR
Greene, Charles	Steelworkers	Former Treas., 7326	11-3-81	Embezzlement		Acquitted 2-26-82		LMSA
Gibson, Paul	Roofers	33	2-15-83	Hobbs Act Conspiracy	3-22-84			DOJ
Gillio, Kenneth	United Seafood Workers					Plead	Two years pro- bation	OLR, IRS
Gillio, Robert	United Seafood Workers	Employee		False Declara- tions		Plead	Two years pro- bations	OLR, IRS
Gillio, Thomas	United Seafood Workers	Employee, 359	3-18-82	Failure to file tax return	5-27-82	Plead	4 months sen- tence & 2½ years probation	OLR, IRS
Gillio, Thomas	United Seafood Workers			Interference with commerce		Dismissed 1/7/83		OLR, IRS
Giora, Louis	Peninsula Ship- builders Associa- tion	Former Vice Pres.	3-7-80	Accepting pay- offs from employers	3-19-80		Suspended sen- tence	LMSA
Glazier, Harold	Printing and Graphic Commu- nications Union	Former Secy- Treas., 115	3-5-79	Embezzlement	4-27-79		Suspended sen- tence	LMSA
Gladstone, Kenneth	Brotherhood of Carpenters & Joiners	Employee Prince Carpentry		Tax Evasion, Conspiracy	3-20-84		\$31,000 fine	OLR, IRS

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Gladstone, Kenneth	Brotherhood of Carpenters & Joiners	Employee Prince	5-3-84	Embezzlement	5-3-84			IRS, FBI
Gladstone, L.		Employee Prince		Tax Evasion, Conspiracy	3-20-84		\$31,000 fine	OLR, IRS
Gladstone, Lucille		Employee Prince	5-3-84	Embezzlement	5-3-84			IRS, FBI
Goodwill, Phillip	Maintenance of Way Employees	Former Secy-Treas., 895	11-19-80	Failure to file union financial reports	1-26-81		Suspended sentence	LMSA
Greenfield, Seymour		President, Modern Agency;	7-18-78	Conspiracy	4-23-80		3 years imprisonment and fine	LMSA
Griffin, Bertha	Machinists	Former Secy-Treas., 2461	6-9-80	Embezzlement	7-31-80		4 months imprisonment	LMSA
Griffin, Douglas	Roofers	Former Fin. Secy., 135	3-22-79	Embezzlement	8-23-82		6 months imprisonment and fine	LMSA
Griffin, James	Roofers	Secy-Treas., 135	3-22-79	Violation of fiduciary responsibility	8-24-82	Plead guilty		OPWPB, DOJ
Grigitus, Stanley	Bakery Workers	Former Secy-Treas., 32	4-25-79	Embezzlement	7-18-79		Suspended sentence	LMSA
Grobosky, Stanley	United Mine Workers	Fin. Secy, 9819	5-11-84	Embezzlement, (\$53,800) false entries	5-11-84			LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Groom, Garland	Operating Engineers	12	10-4-83	Embezzlement of \$13,672.52	12-19-83	Convicted by plead of guilty	Five years susp. sentence except 15 days prison—Balance in probation and 300 hrs. community service	LMSA
Gross, Harold			5-21-81	Rico, Hobbs Act Employer payoffs		Open		DOJ
Groves, Wilbur	Plumbers	166	3-12-84	Embezzlement, mail fraud	6-11-84			LMSA
Grubbs, Harold	Pipefitters	Education Dir., 211	5-26-81	ITAR, conspiracy	4-5-84			FBI
Grubbs, Susan	Iron Workers	Former Book-keeper, 67	6-29-82	Embezzlement, false entries	8-25-82		1 month imprisonment	LMSA
Gruber, James	Boilermakers	Secy-Treas., 1703	3-29-83	Embezzlement	6-14-83	Plead		LMSA
Guglielmo, Paul	United Seafood Workers	Employee				Plead	Two years probation	OLR, IRS
Guidry, Curtis	Sheet Metal Workers	Former Bus. Mgr. Fin. Secy., 9	3-31-82	Embezzlement of \$377,301.53	3-31-82		5 years imprisonment and fine	LMSA
Guidry, Curtis	Sheet Metal Workers	Bus. Mgr., 9	2-9-82	Violation of fiduciary responsibility	3-31-84	Plead		OPWPB, DOJ

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Guimento, Casper		Member of Bufalino LCN family	7-19-83				Dismissed	FBI
Gundersen, Robert	Printing & Graphic Commu- nication Workers	Secy-Treas., 39	6-11-84	Embezzlement of \$12,470.30	7-20-84	Plead—two years impris- onment with all but 60 days suspended and \$5,000 fine	9-7-84	LMSA
Guzman, Lillian	Federation de Empledos de Comercio Romas Anexas	Former Secy. Treas.	10-19-83	Embezzlement, false entries	11-17-83			LMSA
Guzis, B. Hack, William Associates	Prince Carpentry			Tax Evasion Taft-Hartley	5-10-84 5-21-84			OLR OLR
Hagadorn, Fred	Plumbers	Former Bus. Agent, 166	3-12-84	Embezzlement (\$449.00), mail fraud	6-11-84			LMSA
Hirley, John	Postal Workers	Former Treas., Boise, ID	10-12-83	Embezzlement of \$4,960.76	1-27-84	Plead	Five years pro- bation, restitu- tion, 500 hours community service	LMSA
Haley, Calib Fish Co.	United Seafood Workers	359		Taft-Hartley		Plead	Suspended sen- tence	OLR, IRS

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Hall, Drexil	United Mine Workers		6-7-83	Hobbs Act, Firearms	4-13-84			DOJ
Hall, Mickey	Hyman Construction Co.	Asst. Gen. Super.	11-2-81	Wire Fraud	4-14-82	Plead		DOJ, FBI, OLR
Hamilton, Cleo			3-27-80	False income, tax returns	2-18-81			DOJ
Hamilton, Conrad	Machinists	Former Fin. Secy-Treas., 1297	6-8-83	Embezzlement	6-24-83		Two years imprisonment	LMSA
Hamilton, Evander			3-27-80	False income tax returns	2-18-81			DOJ
Hamitt, Isadore	Operating Engineers	406	7-9-80	Use or threats of violence to coerce	1-27-81			FBI
Hamminck, Norman	Typographical Workers	Former Secy-Treas., 30	5-23-84	Embezzlement, ERISA, false entries	9-18-84			LMSA
Hampton, Harriet	Plasterers & Cement Masons	Former Office Secy., 524	10-17-83	Embezzlement	10-17-83			LMSA
Hancock, William	Service Employees	Treas., 150-T	7-21-81	False reports	12-29-81		Suspended sentence	LMSA
Hansen, Howard	Brotherhood of Carpenters & Joiners		9-2-81	Embezzlement	4-22-82			DOJ
Hansen, Howard	Distillery Workers	Pres., 3		False records	1-26-82	Plead		OLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Harbeck, James	Bakery and Tobacco Workers	Secy-Treas., 433	10-16-80	Embezzlement	2-24-81		Two years suspended sentence	LMSA
Hardin, Samuel	United Paperworkers Union	Former Fin. Secy., 1248	7-21-81	Embezzlement	8-13-81		Probation	LMSA
Harrell, Ralph D.	Operating Engineers	Former Bus. Agent, 101	2-13-79	False statement, obstruction of justice, conspiracy, aiding & abetting	5-16-79		One year imprisonment	LMSA
Harrington, Robert	Railway Signalmen	Former Secy-Treas., 36	9-13-82	Embezzlement	9-14-82	Plead		LMSA
Harrison, Charles	United Auto Workers	Former Fin. Secy., 740	5-20-82	Suspended sentence	7-27-82			LMSA
Harper, Cecil, L.	Boilermakers	Former Secy-Treas., Ind. Council Rep., 583	4-7-82	Embezzlement	6-16-82		Embezzlement \$107,000	LMSA
Harvey, Daniel	Roofers	Former Bus. Rep., 145	11-9-83	Embezzlement	3-22-84			LMSA
Harvey, Oscar	Molders	Former Treas., 39	11-20-78	Embezzlement	12-18-78		One year suspended sentence	LMSA
Harverly, Gary	Sheet Metal Workers	Fin. Secy-Treas., 481	12-7-83	Embezzlement; false entries; failure to keep records; false reports	4-20-84	Plead of embezzlement	Three years probation, and \$2,000 fine	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Haynes, Evelyn	International Brotherhood of Electrical Workers	Office Secy., 856	9-22-82	Embezzlement of \$25,248; false entries	12-21-82	Plead	6 months imprisonment; 2½ years suspended sentence, probation	LMSA
Haynes, James	United Food and Commercial Workers	Chief Steward, P-60	8-22-84	Embezzlement; false entries		Open		LMSA
Head, H. A.	Locomotive Engineers	Fin. Secy., 30	7-19-84	Embezzlement, false reports				LMSA
Henninger, Hiram	Machinists	Fin. Secy-Treas., 2488	7-15-81	Embezzlement, false reports	9-21-81		3 years imprisonment	LMSA
Herman, Wayne	Molders	Fin. Secy-Treas., 45	4-29-82	Embezzlement	7-2-82		Probation and fine	LMSA
Herrera, George			6-15-78	Racketeering		8-25-81 dismissed		LMSA
Hernandez, Carmen	Newspaper Guild	Office Secy., 225	10-27-82	Embezzlement, false entries	1-21-83	Plead		LMSA
Hess, Richard	Iron Workers	Bus. Mgr., Rec. Secy., 340	5-17-83	Embezzlement	7-18-83			LMSA
Hicks, James	Steel workers	Fin. Secy. 24-A	10-15-82	Embezzlement	10-21-82		Suspended sentence	LMSA
Hill, Walter	Plasterers & Cement Masons	Pres., 524	9-17-84		9-17-84			LMSA

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Hobbs, James	United Paperworkers Union	Pres., 815	8-26-81	Embezzlement	10-1-81		6 months imprisonment	LMSA
Hodge, Betty	Food & Commer- cial Workers	Office Mgr., 457	6-2-82	Embezzlement	6-2-82			FBI
Hogan, John	Stage & Picture Operators	Secy.-Treas., District 4	4-30-84	Embezzlement	6-22-84			LMSA
Hogans, William	Transit Union	Treas., I.DIU 801	2-11-83	Embezzlement, destroying records, failure to maintain records		Pretrial diver- sion agreement signed		LMSA
Holm, Eugene	Musicians	Treas., 389	5-8-84	Embezzlement, false reports, false records	6-6-84			LMSA
Holland, Amanda	Intn'l Brotherhood Of Electrical Workers	Fin. Secy., 2127	5-30-80	Embezzlement			5 years proba- tion	LMSA, DOJ
Holle, Roger	Intn'l Brotherhood of Electrical Workers	Secy.-Treas., 682	9-15-83	Embezzlement	9-30-83			LMSA
Holway, Sharon	United Paperworkers	Fin. Secy., 12	11-22-82	Embezzlement	1-25-83	Plead		LMSA
Horak, A.	Prince Carpentry		4-3-84	Tax evasion				OLR

Defendant	Union of Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Hornback, Thomas	Bricklayers	Fin. Secy., 2	4-22-83	Embezzlement of \$9,315.99	4-22-83	Plead	7-25-83: 2 months imprisonment, 3 years probation, \$1,560 fine	LMSA
Horst, Bruce	Railway Carmen	Treas., 222	10-29-82	Embezzlement \$11,290	10-29-82	Plead	2-18-83 2 years imprisonment	LMSA
Horvat, Michael	Molders	Treas., 432	3-2-82	Embezzlement	7-16-82		3 months imprisonment	LMSA
Howard, D. B.	Bella Mia Food Products, Inc.	Company Officer	6-25-80	Mail fraud, conspiracy			Fugitive from federal & state prosecution	OLR, IRS
Howard, Richard	Machinists	Secy-Treas., 2584	5-20-82	Embezzlement, false entries, failure to maintain records	8-20-82			LMSA
Huebner, Max	United Auto Workers	Fin. Secy., 1619	9-9-82	Embezzlement	11-9-82		Suspended sentence	LMSA
Huff, Bill	Painters	Secy.-Treas., 229	5-15-79	False entries	8-27-79		2 months imprisonment	LMSA
Huihui, Henry	International Brotherhood of Electrical Workers	Training Officer, 1186	2-28-84		5-7-84			FBI
Inner City Fish Supply	United Seafood Workers			Taft-Hartley	9-28-82	Plead	Suspended sentence	OLR

Defendant	Union or Business	Position/ Local #	Judgment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Irrabino, Frank	Tile, Marble & Terrazzo Workers	Vice-president	1-21-82	False Statements, Misuse of funds		Dismissed on 11-12-82		FBI, DOJ
Jacques, Sesario	United Mine Workers	Treasurer, 1938	2-17-83	Embezzlement, Withholding records, False reports	4-25-83	Plead		LMSA
Jaffe, Herman	Allied Union of Sec. Guards	Business mgr.	8-21-81	Rico, Bribery, Arson, Obstruction of Justice, Embezzlement	6-10-82			DOJ, FBI, OLR
199 Jiminez, R.	Prince Carpentry			Tax evasion	4-11-84			OLR
Johnson, Barbara	Graphic Arts Union	President, 153-B	7-24-81	Embezzlement, False entries	9-16-81		Five years probation	LMSA
Johnson, Donald	Plumbers, 166		3-12-84	Embezzlement, Mail fraud	6-11-84			LMSA
Johnson, Harry	Printing and Graphic Communications	Secy.-Treas., 291	6-18-83	Embezzlement	7-15-83		Suspended sentence	LMSA
Johnson, Jimmy Ray	Brotherhood of Carpenters and Joiners	Secy., 3101	12-6-83	RICO	12-6-83			
Johnson, Joseph	Projectionists	110	1-27-82	Embezzlement, Conspiracy	8-3-82			DOJ
Johnson, Rosemary	Plant Guards of America	President (IN)	11-4-82	Embezzlement		dismissed		LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Johnson, Terry	Maintenance of Way Employees	Secy.-Treas., 695	2-16-84	Embezzlement	5-2-84			LMSA
Johnston, Joseph	Moving Picture Machine Opera- tors	Secy.-Treas., Trustee, 110	1-27-82	Embezzlement from employee benefit plan		Acquitted 9-30-82		FBI, DOJ, OLR
Jones, Edgar	United Mine Workers		6-7-83	Hobbs Act		Open		DOJ
Jones, Rex	Brotherhood of Carpenters & Joiners	Secy., 1104	6-29-84	Embezzlement, Failure to keep records, False entries	6-29-84	Pre-trial diversion	Restitution of \$1,686	LMSA
Jones, Shirley	Mechanics	5	5-28-82	Embezzlement		9-30-83 trial pending	Jones is a fugi- tive	LMSA
Judge, Sam	Brotherhood of Carpenters & Joiners	N.Y.C., D.C.	3-9-81	Taft-Hartley	9-22-81			FBI
Kanyuck, Patricia	International Brotherhood of Electrical Workers	Bookkeeper, 2	6-13-83	Embezzlement		Trial pending		LMSA
Kapau, Walter	Brotherhood of Carpenters and Joiners	Secy.-Treas., 745	8-18-83		2-6-84			FBI
Kaplan, Marvin	Food & Commer- cial Workers	1262	11-22-82	Mail Fraud	4-15-83		90 days in jail, 3 years proba- tion, \$1,000 fine	OLR, DOJ

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Kaufman, Linda	Oil, Chemical and Atomic Workers	Secy.-Treas., 7-822		Embezzlement	11-16-83			LMSA
Kavanaugh, Brian			6-15-78	Racketeering		6-19-80 dismissed		LMSA
Kay, Sharon K.	Retail Clerks	Bookkeeper, 7	9-14-78	Embezzlement	9-14-78		4 years proba- tion	LMSA
Kelly, Lloyd Eugene	Maintenance of Way Employees	Secy.-Treas., 1315	12-13-83	Embezzlement, False entries	12-13-83			LMSA
Kessler, Ronald	Sheet Metal Workers	Secy.-Treas., 491	8-17-82	LMRDA, Embezzlement	9-21-82			FBI
Kind, Arnold	Bella Mia Food Products, Inc.		6-25-80	Mail fraud, Conspiracy		Dismissed		OLR, IRS
Kinny, Teddy	United Mine Workers		6-7-83	Hobbs Act	Open			DOJ
Klayton, Ronald	Transit Union	Secy.-Treas., 1205	5-21-81	Embezzlement, False reports, False entries	9-1-81		6 months imprisonment	LMSA
Klepfer, Ellis	Building & Con- struction Trades	481	3-29-83	Employer pay- offs, RICO	9-4-84			DOJ
Klepfer, Michael	Building & Con- struction Trades	481	3-29-83	Employer pay- offs, RICO	9-4-84			DOJ
Knoll, Joyce	United Auto Workers	Fin. Secretary, 1995	5-14-81	Embezzlement	6-2-81		Probation	LMSA
Koenig, William	Boilermakers	Bus. Mgr., 5	7-2-81	Tax evasion, RICO, Hobbs Act, Taft-Hartley	7-2-81			DOJ, OLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Koppelman, Leonard	Brick & Clay	President, 3A	6-1-82	Taft-Hartley, Kickbacks	11-1-82	Plead guilty		DOJ, OLR
Kraelsic, J.	Prince Carpentry			Tax evasion	5-22-84			OLR
Kravitz, Charles	Fraternal Order of Police	Dental Plan Provider, 5	11-10-82	Rico, Kickbacks	6-20-83			FBI, IRS
Krussrath, Leilani	Western Washington Laborers Employers Vac- ation Savings Trust Fund		8-15-84					OPWPB, DOJ
Kuchel, Gordon	Typographical	Secy.-Treas. 89	5-3-84	Embezzlement	6-6-84			LMSA
Kuilan, Cheryl	Chefs, Cooks, Pastry Cooks and Assistants			Embezzlement	7-25-83			FBI
Kuiland, M.	International Shield of Labor Alliance	481		Embezzlement	3-23-84			OLR, DOJ
Kurtz, Ronald	Grain Millers	76		Embezzlement, False reports, False entries	10-20-83	Plead		LMSA
Kuszmaul, Steven	Machinists	Secy.-Treas., 161		Embezzlement	5-6-83	Plead		LMSA
LaFrance, Lydia	Detroit and Wayne County BCFC	Office Secy., Bookkeeper	1-31-83	Embezzlement, False entries	1-31-83	Plead		LMSA

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Defendant	Union or Business	Position/Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Lamaina, Anthony	Law Enforcement and Security Officers	Bus. Mgr., 40B	9-20-81	Embezzlement, perjury	12-30-81	Conviction upheld on appeal 5-30-83	3 years probation	OLR, DOJ
Lambrecht, Don	Oil, Chemical & Atomic Workers	Secy.-Treas., 2-269	7-2-81	Embezzlement; False entries	7-25-84	Plead	Five years probation	LMSA
Landor, Michael	Independent Transportation Employees Association	Treas.	6-8-83	Embezzlement, False reports	9-7-83	Plead		LMSA
Lamier, Beverly	Plasterers & Cement Masons	Office Secy., 524	4-2-84	Embezzlement	4-2-84			LMSA
LaRosa, Michael	Brotherhood of Carpenters & Joiners	D.C., NY City	3-9-81	Rico	4-30-82			FBI, DOJ
Larson, William	Plant Guard Workers	Fin. Secy., 227	5-19-82	Embezzlement	7-22-82		Suspended	LMSA
Lasky, Clarke	International Industrial Production Employees Union			Kickbacks, Racketeering	3-21-84			OLR, DOJ
Lasky, Gerald	International Industrial Production Employees Union	Pres.	3-21-84	Kickbacks	3-21-84			OLR, FBI, DOJ
Laub, David	Brotherhood of Carpenters & Joiners	Gen. Partner	3-19-81	Taft-Hartley, False Information	3-19-81			FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Lawson, James	United Auto Workers	Fin. Secy., 143	10-24-79	Embezzlement	10-24-79		Suspended sentence	LMSA
Law, Sammie	United Auto Workers	Fin. Secy., 554	8-15-80	False entries	9-10-80		Suspended sentence	LMSA
Leal, John D.	Brotherhood of Carpenters & Joiners	Treas., 995	4-24-84	Embezzlement	9-30-84			LMSA
League, Joseph C.	Plumbers & Steamfitters	472		Embezzlement				OPWPB, DOJ
Leahy, James T.	Paper Workers	Treas., 769	3-5-84	Embezzlement, Failure to keep records	4-27-84			LMSA
Leanzo, Nunzio	United Seafood Workers	Officer, 359	12-22-80	Perjury	4-2-81	Plead	2 years; \$2,500 fine	OLR, IRS
Leanzo, Rosario	United Seafood Workers	Officer, 359	12-80	Tax evasion	7-17-81	Plead	3 years sentence; 5 years probation, \$10,000 fine	OLR, IRS
Leay, David	United Seafood Workers	359	3-18-82	Tax evasion		Not guilty		OLR, IRS
Lee, Louis	United Paper Workers	Pres., 1697		Forgery	1-31-80		Probation and fine	LMSA
Leger, Jimmy	Gem Brokerage Co.	Broker	9-16-82	Mail fraud	2-25-83		Three years probation, \$1,000 fine \$2,199.12 restitution	OLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
LeMange, Arthur	Pulp, Sulfite and Paper Mill Workers	Secy.-Treas., 287	6-30-70	Embezzlement, False reports, False entries		Dismissed 3-18-80		MSA
Levesque, Leo	United Auto Workers	Fin. Secy., 384	3-1-79	Embezzlement, False entries, False reports			Suspended sen- tence	MSA
Lewis, Barbara	Building and Construction Trades	Office Secy. Texas	8-14-84	Embezzlement of \$24,000; False records	8-31-84	Plead	9-17-84 - five years probation; mental health counseling	MSA
Lien, Esther	Marble Polishers	Clerical Emp., 104	5-1-83	Embezzlement of \$7,000, false entries	5-1-83	Pretrial diver- sion	1 year probation	MSA
Lipton, Janice	Laundry and Dry Cleaning	Bookkeeper, 3	8-6-83	Embezzlement of \$70,879	8-23-82	Plead	18 months imprisonment	MSA
Lockwood & Winant Fish Co.	United Seafood Workers	359		Taft-Hartley	4-30-81	Plead		DLR, IRS
Lohse, J.	Prince Carpentry			Tax evasion	4-2-84			DLR
Loiacono, Anthony	United Paper Workers	Vice Pres., 318	7-19-78		11-21-78		Suspended sen- tence	MSA
Lombardi, S.	Prince Carpentry			Tax evasion	5-10-84			DLR
Long, F.	Prince Carpentry			Tax evasion	4-11-84			DLR
Long, Katherine	Brotherhood of Carpenters & Joiners	Bookkeeper, 1311	7-21-81	Embezzlement	8-28-81		Probation	MSA
Lopez, Robert	Blasters	29	3-17-81	Failure to file income tax returns	11-12-81		\$5,000 fine	DOJ, IRS, DLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Lopez-Saez, Emilio	Union Empleados de Oficina	26	8-17-83	Embezzlement	1-16-84	Dismissed		LMSA
Lovelady, Donald	Roofers	Bus. Mgr., 85	3-16-83	Embezzlement	6-16-83		Suspended sentence	LMSA
Ludwig, Joseph	Starbill Enterprises		12-15-82	Conspiracy, false tax returns	4-13-83		1 year and one day, \$20,000 fine	IRS, FBI, OLR
Luedtke, Lana J.	Garment Workers International	Treas., 126	4-3-84	Embezzlement	6-25-84			LMSA
Lurye, Bernard	Ladies' Garment Workers Union	Mgr. Dist. Council	4-26-84	Embezzlement	4-26-84			LMSA
Lynn, Steve	Machinists	Secy.-Treas., 573	9-7-83	False entries	9-7-83			LMSA
Lyons, Robert Joe	United Steel Workers	Fin. Secy., 6612	3-31-82	Embezzlement	4-14-82		3 years probation	LMSA
MacPherson, Caro	United Auto Workers	Bookkeeper, 1416	4-26-82	False entries	5-28-82		6 months probation	LMSA
Macri, P.	Prince Carpentry			Tax evasion	4-5-84			OLR
Madison, David	Allied Industrial Workers	267	7-24-80	Embezzlement	7-24-80		1 year imprisonment	LMSA
Malgacky, Richard	Painters	1259	10-31-84	Racketeering		Open Died before sentence		DOJ
Mancuso, Thomas	Blasters	29	3-17-81	Contempt				DOJ, IRS, OLR, DOJ
Maness, David	Brotherhood of Carpenters & Joiners		4-11-84	Embezzlement, Conspiracy	6-12-84			
Mann, Janet	United Auto Workers	Fin. Secy., 1897	10-12-79	Embezzlement	11-30-79		Suspended sentence	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Mantaak Seafood Co., Inc	United Seafood Workers	359	7-31-81	Taft-Hartley	7-31-81		Suspended sentence	OLR, IRS
Marcello, Carlos	Sheet Metal Workers		8-5-81	Conspiracy to Bribe	12-11-81			FBI
Marcello, Carlos	Louisiana State Insurance Plan		8-15-80	Rico	8-21-81			FBI
Marciaro, Vincent			12-22-81	Hobbs Act	5-13-82			DOJ
Marinello, Vincent	Attorney for Louisiana State Insurance Plan		8-15-80	Rico		Acquitted		FBI
Maring, Cindy M.	Machinists	Secy.-Treas., 1839	10-23-81	Embezzlement	11-16-81		1 years imprisonment	LMSA
Maritas, Theodor	Brotherhood of Carpenters & Joiners	D.C., NYC	3-9-81	Rico, Employer payoffs		Open-Fled		DOJ, FBI, OLR
Martin, Charles D.	Machinists	Secy.-Treas., 418	5-8-81	Embezzlement, False entries	6-9-81		4 years probation	LMSA
Martin, Elizabeth	Painters	Office Secy., 851	5-28-82	Embezzlement, Destroying records	2-10-84	Pre-trial diversion	Restitution of \$1,407.44	LMSA
Martin, Linda	Staff Representatives Union		7-10-84	Embezzlement, False records	9-20-84			LMSA
Martinez, Reyes	International Brotherhood of General Workers	Accountant	12-29-81	Embezzlement from employee benefit plan	1-12-83			FBI
Martinez, Ruth	Chef, Cooks, Pastry Cooks & Assistants	89		Embezzlement	5-20-83			FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Martino, M.	Prince Carpentry			Tax evasion	4-2-84			OLR
Martino, R.	Prince Carpentry			Tax evasion	4-30-84			OLR
Martorano, J.	AMMA Health Center			Mail Fraud	1-30-84			OLR
Marzilli, E.	Marzilli & Associates			Conspiracy	4-5-84			OLR, DOJ
Matranga, Joseph	Blasters	29	3-17-81	Conspiracy		Acquitted 6-23-81		DOJ, IRS, OLR
Mathes, Kathleen	Electrical Workers	Office Secy., 2047	6-6-79	Embezzlement, False entries	9-20-79		Suspended sentence	LMSA
Mauk, Paul	Musicians	Secy.-Treas., 451	12-22-81	Embezzlement	3-5-82		Suspended sentence	LMSA
Mazurt Jaffe Fish	United Seafood Workers			Taft-Hartley	9-28-82	Plead	Suspended sentence	OLR
McBride, James	Standard Dredging Pension		7-29-83	Embezzlement	2-6-84	Plead		OPWPB, FBI, DOJ
McCarthy, John	Brotherhood of Carpenters & Joiners	D.C., N.Y.C.	3-9-81	Rico, Employer payoffs	11-18-81			DOJ, FBI
McClosky, James	Carlin Employees Union	Treasurer	8-16-82	Embezzlement, False entries		9-30-82 trial pending		LMSA
McDade, Clinton	United Auto Workers	Secretary, 429	8-28-79	Embezzlement			1 months imprisonment	LMSA
McDonald, Carol	Stage and Picture Operators	Office Secy., 6	3-23-79	Embezzlement	3-26-79		6 months imprisonment	LMSA
McGlaullin, Robert	Printing and Graphic Communications	Secy.-Treas., 4	3-20-81	Embezzlement	5-18-81		suspended sentence	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
McKinley, Robert	Brotherhood of Railway and Air- line Clerks	86	12-19-82	False reports	2-10-84			FBI
McNulty, M.	Prince Carpentry		4-11-84	Tax evasion				OLR
Mose, Mead	United Mine Workers		6-7-83	Hobbs Act	Open			DOJ
Mendoza, Raymond	Painters			Theft or Embezzlement from employee plan	5-14-84			PWPB
Merrit, Michael			3-18-81	Mail fraud, Conspiracy	9-28-81			DOJ
Misch, Dean	Machinists	2493	3-12-79	Embezzlement	5-10-79		Probation	LMSA
Meyerhoff, Harry	Communication Worker	Pres., 6396	1-7-83	Embezzlement	1-7-83	Pretrial diver- sion	12 months pro- bation, restitu- tion of \$2,542	LMSA
Milan, Tim	United Mine Workers		6-7-83	Hobbs Act, Firearms	4-13-84			DOJ
Miller, Byrl	Allied Industrial Workers	Fin. Secy./Treas., 876	11-26-80	Embezzlement	11-26-80		2 years proba- tion	LMSA
Miller, Gary	Postal Workers, American	Secy./Treas.	6-4-84	Embezzlement, False filing	8-23-84			LMSA
Miller, Murray	Maintenance of Way Employees	Secy.-Treas., 811	6-28-83	Embezzlement	6-28-83	Plead guilty		LMSA
Miller, T.	Prince Carpentry			Tax evasion	5-10-84			OLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Miller, William		Electronics firm officer	3-8-79	Tax evasion	11-21-80		6 months imprisonment, 5 yrs. susp., \$10,000 fine	OLR, IRS, FBI
Mills, Alicia		Claims processor	7-20-83	Aiding and abetting	9-30-83	Plead guilty		OLR
Monroe, Donald	Machinists	Fin. Secy., 141	5-25-84	Embezzlement	5-25-84			LMSA
Montagna, Kenneth	Brotherhood of Carpenters & Joiners	Bus. Mgr., 958	9-18-78	False statements on benefit plan	8-3-79	Plead guilty		PWPB
Moon, James	Brotherhood of Carpenters & Joiners	Treas., 1826	9-23-81	Embezzlement	11-5-81		2 months imprisonment	LMSA
Moore, Harold	United Mine Workers		6-7-83	Hobbs Act, Firearms	4-13-84			DOJ
Moore, Hermit	United Mine Workers		6-7-83	Hobbs Act, Firearms				DOJ
Moore, Jason	United Mine Workers		6-7-83	Hobbs Act, Firearms	4-13-84			DOJ
Moore, L. G.	Operating Engi- neers	Regional Director	2-26-81		5-26-81			FBI
Moorman, Lee	Plasterers & Cement Masons	524	12-13-83	Embezzlement	12-13-84			LMSA
Mor, Sam		Corporate Officer	11-8-79	Taft-Hartley, Elkins Act	11-8-79		Suspended sen- tence	OLR

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Morgan, Herbert	United Food and Commercial Workers	Pres., P-60	8-22-84	False entries		Open		LMSA
Morris, George	Printing & Graphic Communications	Fin. Secy., 219	9-14-83	Embezzlement	9-14-83			LMSA
Morris, Virginia	United Association of Journeymen	Bookkeeper, 38	12-30-83	Embezzlement	12-30-83	Plead	150 hours of community service, probation, restitution of \$14,658	LMSA
Moragito, Richard	R&M Alarms Co.		8-18-83	False corporate tax returns	8-18-83	Plead		OLR
Moretina, James			6-26-84	Embezzlement of assets		Open		DOJ
Morris, Charles	Postal Workers	Treas., Central Arkansas Area	11-23-83	Embezzlement; false records; false reports	11-23-83	Pre-trial diversion	Restitution of \$575 and attend alcoholism program	LMSA
Morris, George	Printing and Graphic Comm. Union	Fin. Secy., 219	9-14-83	Embezzlement	9-30-83	Trial Pending		LMSA
Moyers, Leland	Communication Workers of America	Secy.-Treas., 1103	8-7-80	Officer loans exceeding \$2,000	8-7-80		Fined	LMSA
Morgan, Joel	United Mine Workers	Former Pres. & Treas., 1867	8-6-80	Embezzlement	9-18-80		Suspended sentence	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Mulholland, James	Operating Engineers	Bus. Agent, 542	5-9-83			Acquitted		LMSA
Munoz, John	Brotherhood of Carpenters & Joiners	D.C., N.Y.C.	3-9-81	Rico	5-22-83			FBI, DOJ
Murphy, E.	International Industrial Production Employees	Int'l. Bus. Mgr., 42 & 47		Perjury, obstruction of justice	8-29-84			OLR, FBI, DOJ
Murray, Carl	Machinists	Sec'y-Treas., 796	10-29-82	Embezzlement	10-29-82	Plead		LMSA
Myrick, Yvonne	Plasters & Cement Masons	Office Sec'y., 524	12-13-83	Embezzlement	4-16-84			LMSA
Naiwi, Ivanhoe	United Commercial Workers	President, 594	6-29-84			Open		FBI
Napolitano, Frank	Tile, Marble & Terrazzo Workers		6-17-81	Extortion		Dismissed		FBI, DOJ, OLR, DOJ
Nelson, Willie			4-23-80	Embezzlement	7-10-80			
Nepl, Paul R.	Pottery and Allied Workers	Fin. Sec'y., 140	4-26-83	Embezzlement	8-11-83		Suspended sentence	LMSA
Newberry, Dale	United Auto Workers	Sec'y.-Treas., 1009	12-5-78	Embezzlement	5-22-79			LMSA
Newby, Franklin	United Auto Workers	174	10-21-69	Embezzlement		9-30-82 Open	Fugitive	LMSA
Nichols, Kevin	United Mine Workers	Fin. Sec'y., 1829	3-28-84	Embezzlement	3-28-84			LMSA
Nichols, Rhea			3-18-81	Mail fraud, Conspiracy	9-28-81			DOJ

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Defendant	Union or Business	Position/ Local #	Indictm ... Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Nishibayashi, William	United Brotherhood of Carpenters and Joiners	Business Agent, 745	11-19-82		5-23-83			FBI
Norman, Ruth Dill Novak, Marie	Roofers Union X-Press Truck Lines	Secretary, 880	10-21-82 2-22-83	Mail fraud	2-18-83	Acquitted on 4-22-83		FBI OLR
Nugent, John	Furniture Workers	Secy.-Treas., 45	11-12-81	False entries	4-14-82		6 months probation & fine	LMSA
O'Connor, Anthony	United Seafood Workers	Business Agent & Trustee, 359	8-11-82	Rico, Extortion, Illegal payments		Fugitive		OLR, IRS
O'Connor, Francis		Gov't Official	5-18-81	Obst. of Justice, Perjury	8-81			DOJ, FBI, OLR
O'Donoghue, Joseph	Operating Engineers	Business Agent, 542	5-9-83			Acquitted		FBI
Offerman, Robert	Professional Flight Attendants		2-8-83	Embezzlement	4-22-83	Plea	5 1/2 years imprisonment, sentence suspended, 4 1/2 years probation suspended sentence	LMSA
O'Hanlon, Gerald	Boilermakers	Secy.-Treas., 28	5-5-81	Embezzlement	5-7-81			LMSA
Ostico, James		Bufalino I.C.N family member	7-19-83			Dismissed		FBI
Pacheco, Daniel	Glass & Ceramic Workers	1889	12-28-79	Hobbs Act, Employer Payoffs, Embezzlement of Assets	1-5-81			DOJ, FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Pagano, Daniel	Brotherhood of Carpenters & Joiners		3-9-81	RICO, Employer Pay-offs	11-19-81			DOJ, FBI
Palumbo, John	United Brotherhood of Electrical Workers	Business agent, 3	3-9-81	RICO	6-19-81			FBI
Paredada, P. Parenti, Louis	Prince Carpentry Marble Cutters	President, 98	8-31-84	Tax evasion Embezzlement, Failure to maintain records, False entries	4-3-84	Open		OLR LMSA
Paresi, J.	Brotherhood of Carpenters & Joiners	N.Y.C. District Council	5-17-82	Conspiracy, Employer pay-offs	6-29-82			DOJ, FBI
Parker, Donald	P&PH	1269	10-31-84	Racketeering, False income tax returns		Open		DOJ
Parker, Edward	Machinists	Treasurer, 1396	8-24-84	Embezzlement	8-28-84			LMSA
Parker, Michael	Sheet Metal Workers	Secretary-treasurer, 502	7-22-82	Embezzlement				FBI
Parks, Paul	Federation of Musicians	4	4-25-83		9-5-83			FBI
Pasquale, Irene	Communication Workers	Treasurer, 9102	8-18-83	Embezzlement of \$108,743	8-19-83	Plead	3 years imprisonment	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Pasquale, John			10-8-81	Possession of ransom money	6-22-82			DOJ
Patriarca, Raymond			9-23-81	RICO, Kickbacks		Severed 3-10-82		OLR, FBI, IRS
Patterson, Raymond	Fireman and Oilers	Secretary-treasurer, 634	3-24-83	Embezzlement	3-24-83		5 years imprisonment	LMSA
Pattison, Florence E.	International Brotherhood of Electrical Workers	Fund Manager, 41	11-20-79	Embezzlement	4-15-80	Plead		BP, DOJ, FBI
Paul, Gloria	Marine & Ship-building Workers	Bookkeeper	2-16-84	Embezzlement of \$16,476	6-7-84		90 days confinement; 5 years probation; restitution of \$16,476	LMSA
Pearcy, Robert J.	Government Employees	President, 1739	6-18-80	Peit larceny	6-18-80			LMSA
Pennise, P.	Prince Carpentry			Tax evasion	5-10-84			OLR
Perez, Robert	Brotherhood of Carpenters & Joiners	N.Y.C. District Council	3-9-81	RICO, Employer pay-offs	7-21-82			DOJ, FBI
Petito, Amadio	Blasters Union	Secy.-Treas., 29	3-17-81	Contempt	7-1-81		\$5,000 fine	DOJ, IRS, OLR
Petito, Amadio	Blasters Union	29	3-15-83	Conspiracy, Obstruction of Justice, Perjury	5-24-84			DOJ
Petroff, Edward			9-5-79	Hobbs Act, Payoffs from employees	1-10-80			DOJ

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Phillips, Roger	Oil, Chemical and Atomic Workers	Fin. Secy., 7-429	8-24-79	Embezzlement	8-24-79		Suspended sen- tence	LMSA
Polite, William J	Operating Engi- neers	513	8-31-84	Tax fraud, Embezzlement		Open		FBI
Pollicchio, C.	Prince Carpentry			Tax evasion	5-10-84			OLR
Ponte, Salvatore	Allied Union of Security Guards	Bus. Manager	8-21-81	RICO, Bribery, Arson, Embez- zlement, Obstruction of Justice	6-16-82			DOJ, FBI, OLR
Puffinbayer, William A.	Guards Associa- tion of Nevada	Secretary-treas- urer	9-9-81	Embezzlement	10-14-81		Suspended sen- tence	LMSA
Polombo, John			3-9-81	Hobbs Act	12-1-81			DOJ
Poole, Ross L.	Iron Workers	Business man- ager, 340	5-17-83	Embezzlement, False entries	7-1-83	Plead		LMSA
Potter, Marty J	Locomotive Engi- neers	Secretary treas- urer, 778	3-15-79	Embezzlement, False entries	1-26-81		3 years proba- tion	LMSA
Posner, Harvey	Law Enforcement	Insurance Agent	11-2-81	Wire Fraud	3-9-82			DOJ, FBI, OLR
Pretzer, Kenneth	United Auto Workers	President, 699	1-17-79	False entries, Conspiracy	5-24-79		2 years proba- tion	LMSA
Preyer, Willie	Cement Workers	Secretary-treas- urer, 119	1-8-84	Embezzlement	3-5-81		3 years impris- onment	LMSA
Prince Carpentry	Carpenters	N.Y.C. District Council	5-3-84	Mail Fraud, Embezzlement, Conspiracy	3-7-84		\$11,000 fine	OLR, IRS, FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Priscopo,	Operating Engineers	Business Agent, 542	5-9-83			Acquitted		FBI
Prisinzano, Gennaro	United Seafood Workers	Employer, 359	4-1-82	Aiding & Abetting, Tax evasion	4-23-82	Plead	2 years probation	OLR, FBI
Profaci, S.		Deran Marketing Vice-president		Mail fraud	8-2-84			OLR
Quigley, Roger	Electrical Workers		9-19-79	Conspiracy		12-10-79 dismissed		LMSA
Quiles, J.				Taft-Hartley	10-24-84			OLR
Quinn, John	Furniture Workers	Treasurer, 439	7-21-81	Embezzlement	12-4-81		5 months imprisonment	LMSA
Ray, Donald W.	Operating Engineers	Attorney	6-12-80		10-22-80			FBI
Rayburn, Johnny	Letter Carriers	Recording secretary, 197	10-6-80	Embezzlement	11-17-80		Suspended sentence	LMSA
Rechia, Santino	Carpenters	Secretary-treasurer, 1230	3-16-81	Embezzlement	7-13-81		Suspended sentence	LMSA
Reed, Homer	Carpenters	Secretary, 200	8-20-82	Violation of fiduciary responsibility	8-20-82			FBI
Renella, Frank			7-23-80	Hobbs Act, Extortion	Open			DOJ
Resnick, Stan	Metro Dental Services		12-20-81	Racketeering, Conspiracy	4-2-82	Conviction upheld on appeal	One year and one day imprisonment	OLR

Defendant	Union or Business	Position/Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Rhoads, Fred E.	United Transportation Union	Sec.-treas., 1190	11-22-82	Violation of fiduciary responsibility, False entries	11-22-82			FBI
Riedy, David	Machinists	Financial secretary, 1711	11-17-83	Embezzlement	1-1-84			LMSA
Ricetto, V.	Prince Carpentry			Tax evasion	5-10-84			OLR
Richards, Diane	Laundry and Dry Cleaners	President, 180	6-14-83	Embezzlement (\$25,509)				LMSA
Richards, Thomas	Plumbers	521	8-14-80	Extortion	8-22-80		Suspended sentence	LMSA
Richardson, Bill R.	Building and Construction Trades	Greater Kansas City Council	2-22-83	Interstate transportation of stolen property	2-22-83			FBI
Richardson, R.	Prince Carpentry			Tax evasion	5-10-84			OLR
Rickeberg, Annette A.	United Auto Workers	Secretary-treasurer, 2156	5-24-84	Embezzlement, False entries	8-22-84			LMSA
Riedel, Earl	Stage & Motion Picture Operators	209	8-2-83	Embezzlement of Assets	8-12-83			DOJ
Rivera, Frank Jr.	Cap Makers	Business Agent, 2	12-7-83	Aiding & Abetting, Conspiracy, Embezzlement, Kickbacks, False reports	4-27-84	Plead		LMSA, DOJ, OLR, OPWBP
Rivera, Hector	Musicians	Business Agent, 47	1-12-81	Taft-Hartley, Conspiracy, Bribery	5-26-81			FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Rizzuto, Philip	Sheet-metal Workers		8-5-81	Conspiracy to bribe	12-11-81			FBI
Rodriguez, George	International Brotherhood of General Workers	International President	12-29-81	Mail fraud, Perjury, Threats of vio- lence, Obstruc- tion of justice	1-12-83			FBI
Rodriguez, Victor	International Brotherhood of General Workers	International Sec.-Treas.	12-29-81	Perjury, LMRDA, Obstruction of justice, Mail Fraud, Embez- zlement of employee ben- efit funds	1-12-83			FBI
Roemer, Charles E.	Commissioner, Louisiana State Insurance Plan		8-15-80	RICO	8-21-81			FBI
Rochrer, Eugene	United Auto Workers	Fin. Secy., 906	10-15-81	Embezzlement	1-15-82	Plead	3 years proba- tion	OLR, DOJ
Roman, I	International Shield of Labor Alliance	2		Embezzlement, Racketeering, False statement	3-23-84			OLR, DOJ
Roman, F	International Shield of Labor Alliance	481		Embezzlement, Racketeering	3-23-84			OLR, DOJ

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Romano, Carmine	United Seafood Workers	Administrator of welfare pension funds, 359	7-23-81	RICO, Extortion	10-30-81	Conviction upheld	12 years imprisonment, \$29,000 fine	OLR, IRS
Romano, Peter	United Seafood Workers	Secy.-treas., 359	7-23-81	RICO, Extortion, Obstruction of justice		Conviction upheld	18 months imprisonment, 5 years probation	OLR, IRS
Romano, Vincent	United Seafood Workers	359	3-18-82	Conspiracy and false loan application	10-1-82	Plead	6 months sentence, 5 years probation	OLR
Rosenbaum, Frank	Operating Engineers	542	5-9-83			Acquitted		FBI
Romer, Joan	United Mine Workers	Secy.-treas., 2260	2-16-83	Embezzlement, False entries, Destroying records	4-13-83	Plead		LMSA
Ross, Michael A.	Buick and Clay Workers	Financial secretary, 600	1-17-83	Embezzlement	3-23-83		Probation	LMSA
Ross, Sylvia	Communication Workers	Secy.-treas., 4016	3-24-83	Embezzlement, False entries	3-24-83	Pretrial diversion		LMSA
Roth, David W.	Bon Par Enterprises Inc.	Pension Fund	7-5-84	Embezzlement	8-13-84	Plead		FBI, DOJ, OPWBP
Rothman, Marvin	Markin Crane Rentals		3-13-84					FBI
Rosch, Byron	Machinists	Secy.-treas., 2434	6-29-79	Embezzlement	11-7-79		Probation	LMSA

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Defendant	Union or Business	Position/Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Routh, Raymond	United Steelworkers		3-7-83	False information, Bribery, Tax evasion	4-21-83		\$1,000 fine	FBI, IRS
Rowland, Kenneth	United Mine Workers		6-7-83	Hobbs Act		Open		DOJ
Rozzo, Frank	United Seafood Workers	359		Illegal labor payments	3-26-83	Plead	Suspended sentence	OLR, IRS
Rudine, Larry E.	Hyman Construction Co.	General Superintendent	11-2-81	Wire Fraud	4-14-82	Plead		FBI, DOJ, OLR
Russo, James A.	J&J Cartage	Owner	4-6-77	Extortion, Conspiracy	8-1-79		3 years imprisonment and fine	LMSA
Ryan, Patrick J.	Plumbers	Business Manager, 309	10-20-81	Concealing records	12-8-81		Suspended sentence	LMSA
Sabatino, Richard	United Seafood Workers		9-29-82	Wire fraud	1-13-83	Fatico hearing		OLR
Saez, Emilio L.	Cement Workers	26	8-17-83	Embezzlement, False entries	9-30-83			LMSA
Salazar, M.	Prince Carpentry			Tax evasion	4-5-84			OLR
Santiago, Karen	Rubber Workers	Treasurer, 546	8-22-83	Embezzlement	9-30-83			LMSA
Sanzu, Bertha	Blasters	29	3-17-81	Failure to file income tax returns	3-12-82			DOJ
Sanzu, Louis	Blasters	President, 29	3-17-81	RICO, Employer pay-offs, Hobbs Act, Obstruction of justice	1-17-83			DOJ

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Sanzo, Louis	Blasters	President, 29	3-15-83	Conspiracy, Perjury, Obstruction of justice	5-24-84			DOJ
Sanzo, Louis	Blasters	President, 29		RICO, Tax evasion, Embezzlement, Taft-Hartley Conspiracy	6-23-81		\$22,500 fine	DOJ, IRS, FBI, OLR
Sanzo, Roberta	Blaster	29	3-17-81			Acquitted 6-23-81		DOJ, IRS, OLR DOJ
Scalise, Donald			7-23-80	Hobbs Act, Extortion	2-27-81			OLR FBI
Scaramozzo, N. Schenck, Mark	Prince Carpentry Asbestos Workers	Business Man- ager, 53	12-19-80	Tax evasion Violation of fiduciary responsibility	4-3-83 10-15-82			OLR FBI
Schinc, Terrence	Operating Engi- neers	Construction Manager, 138	9-3-80	Extortion, Tax Evasion	1-29-80			DOJ, IRS
Schwartz, Sol	Amalgamated Insurance Co.	Corporate Officer	1-11-83	Offer or accep- tance of a bribe		Pending trial		OLR, FBI
Scottino, Samuel	Sheet Metal Workers		8-5-81	Conspiracy to bribe	12-11-81			FBI
Soaten, J. Sojal, Henry	Prince Carpentry United Paperworkers Union	International treasurer	7-19-78	Tax evasion False reports	5-8-84 1-24-79		3 months imprisonment and fine	OLR LMSA

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Serio, Paul G., Jr.	Circulation Distributors	President, 502	2-16-84		5-4-84			FBI
Seward, Brenda	Carpenters Union	Gulf Coast District Council	5-17-84	False reports	5-17-84			LMSA
Shaw, Donald Jr.	Operating Engineers		6-7-82	Hobbs Act	6-7-82			FBI
Shelton, Joe D.	Woodworkers	President, 5-478	2-2-84	Conspiracy to cover embezzlement	2-2-84			LMSA
Roy, Shirley Anderson	State, County, & Municipal Workers	Treasurer, 1760	6-10-81	Embezzlement	7-13-81		Probation	LMSA
Shiroma, Theodore	Machinists	Secy.-treas., 1245	3-8-84	Enforcement, False entries	8-6-84	Plead	5 years probation, 500 hours public service	LMSA
Shurd, Earl W.	International Brotherhood of Electrical Workers	Business manager, 5	a. 6-10-77 b. 10-21-77	a. Accepting payoffs from employers, filing false income tax returns. b. Accepting payoffs from employers	a. 11-10-79 b. 2-16-78		1 month's imprisonment and fine	LMSA
Short, Adrian J	Stage and Picture Operators	Business Agent, 5	3-15-80	Bribery, Conspiracy	6-6-83			FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Short, Agnes	Sheet Metal Workers	9	2-9-82	Violation of fiduciary	3-31-84	Plead		OPWBP, LMSA
Shropshire, Jarvis	Steelworkers	Financial secre- tary, 35-12112	7-21-82	False entries	9-17-82	Indictment dismissed	Suspended sen- tence	LMSA
Siegel, Seymour	Blue Ridge Farms, Inc.	3A	6-11-82	Taft-Hartley, Kickbacks	7-26-82	Plead		DOJ, OLR
Silva, Raymond			10-3-79	Payoffs from employers, Embezzlement	3-20-81			DOJ
Simone, Anthony			8-3-84	Conspiracy to defraud	10-11-84			DOJ
224 Singleton, Willie	SW Steel Casing Employees Union	Secy.-treas.	8-13-84	Embezzlement, Failure to keep records	8-16-84	Pre-trial diversion	1 year probation and restitution of \$1,860	LMSA
Sintra, J Snowitz, Julius	Prince Carpentry United Seafood Workers	359		Tax evasion Illegal labor payments	5-31-84 3-26-83	Plead	1 year probation with 60 days suspended, \$2500 fine	OLR OLR, IRS
Sisk, Paul M.	Postal Workers	Treasurer, 3327	7-15-83	Embezzlement	7-15-83	Plead		LMSA
Shagen, Linda	Communications Workers	Secy.-treas., 8802	1-11-83	Embezzlement	1-11-83	Pretrial diver- sion	Restitution of \$2,130	LMSA
Shredel, Joseph, A.	Machinists	Secy.-treas., 584	3-27-79	Embezzlement		7-27-79 dismissed		LMSA

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Smith, Arthur H. Jr.	Sheet Metal Workers	Secy.-treas., 227	3-14-83	Embezzlement	6-3-83	Plead		LMSA
Smith, Diane	Plasters and Cement Masons	Office Secretary, 524	2-10-84	Embezzlement	7-10-84			LMSA
Smith, J.	Prince Carpentry	Recording secretary, 3125	3-3-80	Tax evasion	4-4-84		Suspended sentence	OLR
Smith, William A.	Carpenters	International Representative	1-2-82	Embezzlement, False entries	4-22-80			LMSA
Smith, Raymond	Tile, Marble & Terrazzo Workers	International Representative	1-2-82	False records, Misuse of funds, Illegal use of trusteeship	1-2-82			OLR, FBI, DOJ
Smith, Tim	Service Employees	Corporate officer, 2697	4-81	Embezzlement, Tax evasion			1 year, 5 years probation, restitution of \$86,000	OLR, IRS
Smith, Wille, Jr.	Carpenters	President, 2697	5-12-83	Embezzlement	8-26-83	Plead	2 years probation, restitution of \$1,042, fine of \$2,000	LMSA
Sneed, Charles W.	Operating Engineers	Business Agent	6-7-82	Hobbs Act	6-7-82			FBI
Snyder, Cy	Modern Agency		7-18-78	Embezzlement, Conspiracy, Aiding and Abetting		1-23-79, dismissed		LMSA
Snyder, Ronnie W.	Allied Industrial Workers	Financial secretary, 440	3-13-84	Embezzlement	7-10-84			LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Sokol, Dr. Joel	United Auto Workers	Service provider, 906	3-31-83	Conspiracy, Mail fraud	7-26-83	Plead	6 months imprisonment, 3 years probation	OLR
Sorbara, Joseph A.	Retail Clerks	President, 1407	6-10-77	Embezzlement		1-24-80		LMSA
Sorgea, Gary	Boilermakers	President, 482	6-12-84	Embezzlement	6-12-84			LMSA
Spatolara, G.	EOD Services			Mail fraud	8-2-84			OLR
Spencer, Steven, H.	Maintenance of Way Employees	Secretary treasurer, 987	5-21-81	Embezzlement, False entries	7-15-81		Suspended sentence	LMSA
Spina, Cro	Carpenters	2497	7-2-81	Kickbacks		Charges dropped after consent to Civil Rico judgement		DOJ, OLR
Spring, Roland	Molders	Secretary-treasurer, 447	2-14-84	Embezzlement, False entries	6-29-84			LMSA
Stafford, Tracy	United Mine Workers	Financial secretary, 1609	11-29-83	Failure to maintain records	11-29-83	Plead		LMSA
Stanfield, Charles W.	United Food Workers	Secretary Treasurer, 327		RICO, Talt-Hartley		Plead	Probation, \$7,000 fine	OLR, FBI
Stean, W. R.	Roofers Union	President, 30	12-15-82	Conspiracy, False tax entries	4-7-83	Plead	5 years, \$25,000 fine	IRS, FBI, OLR
Steffen, Ruth Marie	United Auto Workers	Office Secretary, 135	5-12-83	Embezzlement, False entries	7-18-83		Probation	LMSA
Stidham, Dennis, C.	Communication Workers	President, 6360	11-3-83	Embezzlement	2-10-84			LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Shiloh, Herman Jr.	United Auto Workers	Secretary-treasurer, 1921	6-28-79	Concealing records, Embezzlement	8-3-79	Indictment dismissed		LMSA
Stockton, Ellison M.	United Auto Workers	President, 239	2-16-84		5-4-84			FBI
Shook, Mary	Allied Industrial Workers	Financial secretary, 723	7-24-81	Mail fraud	11-16-81	Indictment dismissed		LMSA
Short, Agnes	Sheet Metal Workers	Office Manager, 9	3-31-82	Embezzlement	3-31-82		3 years' imprisonment and	LMSA
Story, Augustus C.	Painters	Financial secretary, 1976	4-2-84	False entries	8-28-84			LMSA
Strut, Jacquelyn R.	Glass Workers	Financial secretary, 504	6-13-84	Embezzlement, False reports	6-13-84			LMSA
Strunk, Edward	Letter Carriers	President, 43	15-28-81	Violation of fiduciary responsibility	5-28-81			FBI
Stull, Sam I.	Sheet Metal Workers	Financial secretary, 101		Embezzlement, False entries, Unauthorized checks	10-24-84			LMSA
Stumbo, German	United Mine Workers		6-7-83	Hobbs Act, Explosive Materials		Open		DOJ

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Defendant	Union or Business	Position/Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Sullivan, Dan E.	Operating Engineers	President, 101	2-13-79	Embezzlement, False entries, Obstruction of justice, Conspiracy, Aiding and abetting	5-16-79		3 years imprisonment (deceased)	LMSA
Sullivan, Priscilla A.	Operating Engineers	Office manager, 101	2-13-79	Embezzlement, Conspiracy	5-16-79		3 years imprisonment and fine	LMSA
Suyat, Steven Lloyd	United Brotherhood of Carpenters and Joiners	Business Agent, 745	8-18-83		2-15-84			FBI
Syracuse, Sam			10-23-84	Perjury		Open		DOJ
Tackett, Eugene	United Mine Workers		6-7-83	Hobbs Act, Firearms	4-13-84			DOJ
Tague, Dorothy J.	Letter Carriers	Secretary Treasurer, 3811	8-3-84	Embezzlement	9-17-84			LMSA
Talerico, John	United Seafood Workers					Plead	2 years probation	OLR, IRS
Talis, Hellen E.	United Auto Workers	Financial secretary, 694	10-19-82	Embezzlement	12-13-83	Plead		LMSA
Tam Fillet Inc.	United Seafood Workers			Taft-Hartley	9-28-82	Plead	Suspended sentence	OLR
Tarris, Marcel	Operating Engineers	513	8-31-84	Tax		Open		FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Taylor, Garland			2-1-82	Banker receiving unau- thorized deposit	4-16-82			DOJ
Taylor, Paul	Iron Workers	340	5-17-83	Embezzlement	7-25-83	Dismissed		LMSA
Taylor, Ronald C.	Carpenters	Business agent, 1255	4-21-83	Embezzlement	6-10-83		Probation	LMSA
Teripilowski, Delores	Machinists	Office secretary, 2178	7-3-84	False entries, False reports	7-3-84			LMSA
Thomas, Elaine	Southwest Steel Casting	President, Texas local	8-13-84	Embezzlement	8-16-84	Pre-trial diversion	Restitution of \$1,926	LMSA
Thomas, Lowell	Employees Union Bramer Hardware, Inc.		6-6-84	Embezzlement, False statement on benefit plan	8-1-84	Plead guilty		OPWBP
Thompson, Everett T.	International Brotherhood of Electrical Workers	Business man- ager, 2125	11-83	False entries	4-13-84		1 year suspended sen- tence, restitu- tion of \$39,299, 1 year probation and 300 hours com- munity service	LMSA
Thompson, F.	Prince Carpentry			Tax evasion	4-5-84			OLR
Thompson, Floyd	Railway and Air- line Clerks	Financial secre- tary, 810	2-27-84	Embezzlement	2-27-84			LMSA
Thompson, Raymond	Electrical Workers	Business Man- ager, 5	9-19-79	Conspiracy		Dismissed 12-10-79		LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Thorn, Daniel F.	Retail Clerks	President, 7	4-7-80	Embezzlement, False reports, Conspiracy		6-6-80 Dismissed		LMSA
Tile, Marble & Ter- razo Workers Interna- tional			1-21-82	Misuse of funds		Acquitted 11-12-82		FBI
Tipton, Janice (a.k.a. Parker, Janice and Johnson, Janice)	Laundry and Dry Cleaning	Secretary and Bookkeeper, 3	8-6-82	Embezzlement	8-23-82			LMSA
Titte, Michael	United Mine Workers	Treasurer, 1945	5-8-81	False statements, Destroying records, Failure to file financial reports	6-15-81		Suspended sen- tence	LMSA
Tobey, Stanley	Boilermakers	Secretary/ treasurer, 685	7-15-84	Embezzlement	7-15-84			LMSA
Tobias, Dennis	Carpenters, 110, 201, 918, 1224, 1445, 1542, 2279	President	2-15-84	False reports	4-20-84	Plead		OPWBP LMSA
Tosh, Mary Ann	Carpenters	Secretary- treasurer, 2665	10-16-79	Embezzlement	12-18-79		Suspended sen- tence, 3 years probation	LMSA
Torraco, Ralph			9-9-81	Failure to file income tax returns, False income tax returns	9-20-82			DOJ

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Torres, Ralph H.	United Brotherhood of Carpenters and Joiners	Business Agent, 745	11-19-82		5-23-83			FBI
Trant, Marilyn	Communication Workers	Secretary-treasurer, 9412	2-11-83	Embezzlement, False entries	2-11-83	Pretrial Diversion	2 years probation of \$7,641	LMSA
Trainella, Ralph	Blasters	Attorney, 29	3-17-81	Conspiracy, Tax evasion	3-12-82	Convicted	\$30,000 fine	DOJ, IRS, OLR
Triglia, Daniel	Distillery Workers	President, 42	3-31-82	Embezzlement, False LM reports, Unlawful payments, Obstruction of justice			2 years imprisonment	OLR
Troilo, Donna	Steelworkers	1196	4-12-84	Embezzlement, False entries	4-12-84			LMSA
Trombley, Louis	Metal Publishers	President and Secretary-treasurer, 79	4-11-80	Failure to maintain records	8-21-80		Suspended sentence	LMSA
Turner, Gary			3-2-81	Arson	2-23-82	Plead		OLR
Turner, Kenneth A.	United Auto Workers	Secretary-treasurer, 898	1-17-79	Embezzlement	3-26-79		15 months imprisonment	LMSA
Tuttle, Harry			12-22-81	Hobbs Act	5-13-81			DOJ
Udjohn, Lewis	Bricklayers and Allied Craftsmen	Business Agent, 6	4-15-83		9-15-83			FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Ullery, David A.	Maintenance of Way Employees	Secretary-treasurer, 1028	5-2-83	Embezzlement, Failure to file, Failure to maintain records	9-16-84			LMSA
United Seafood Workers	359			Taft-Hartley (46 counts)	3-19-81		\$200,000 fine	OLR, IRS
Upton, James	United Auto Workers	Secretary-treasurer, 2036	9-17-81	Embezzlement, False entries, Aiding and abetting	11-18-81		3 years imprisonment	LMSA
Uyehara, Koho	United Food & Commercial Workers	Business Agent, 594	7-12-84			Open		FBI
Van Bens, Alberto	Government Employees	President, 1052	5-3-82	Embezzlement	6-2-4-82	Appeal pending	Suspended sentence	LMSA
Van Devender, Dorian	Musicians	579	9-12-84	Embezzlement, False entries, False reports		Open		LMSA
Vargas, Juan	Union General de Trabajadores	Administrator	7-6-83	Embezzlement	2-2-84	Dismissed		LMSA
Vaszari, Robert	Steelworkers	Treasurer, 31-03385	3-13-80	Embezzlement, False entries, False reports	5-16-80		1 year probation	LMSA
Vaughn, Betty	United Auto Workers	President, 2013	2-8-83	Embezzlement, False entries	5-5-83	Plead no contest		LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Vittorio, Leo			11-5-80	Conspiracy, Failure to file income tax	12-5-83			DOJ
Varnado, Inc.			4-3-80	Conspiracy	4-23-80			DOJ
Von Whadle, Robert	Paperworkers	Financial secretary, 1009	6-7-82	Violation of fiduciary responsibility	6-7-82			FBI
Wade, Billy	American Flint Glass Works	Financial secretary, 711	8-29-84	Embezzlement, False records	8-29-84	Plead guilty		LMSA
Wadsmann, C. G. Inc.	United Seafood Workers			Taft-Hartley	3-18-82	Plead	Suspended sentence	OLR
Wainwright, Jerry	Postal Workers	Treasurer	10-14-83	Embezzlement, False entries	2-2-84			LMSA
Walker, Michael	International Molders	Steward, 374	12-16-82	Embezzlement	4-1-83		6 months imprisonment, 5 years' probation, \$4,340 restitution	OLR, LMSA
Wallace, Robert H.	Machinists	Financial secretary, 1819	5-18-81	Embezzlement	5-19-81		Suspended sentence	LMSA
Walls, Jerry E.	Transportation Union	Treasurer, 1709	9-11-81	Embezzlement	12-3-81		6 months imprisonment, fine	LMSA
Wanderling, Salvator	International Brotherhood of Electrical Workers	Business Agent	3-9-81	Hobbs Act	12-1-81			DOJ, FBI

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Ware, Charles D.	Railroad Signalmen	Secretary-treasurer, 67	5-20-83	False reports	6-27-83	Plead		LMSA
Warner, Janice L.	United Mine Workers	Secretary-treasurer, 1532	9-6-84	Embezzlement	9-6-84		Restitution	LMSA
Warner, Lucy	Communications Workers	Treasurer, 9207	9-8-83	Embezzlement	2-16-84		Suspended sentence; 5 years probation w/ 160 hours of community service, restitution of \$2,245	LMSA
Watson, Marcilee, Jr.	American Federation of Teachers	1960	4-9-81	Violation of fiduciary duty	9-8-81			FBI
Watson, Mark	Printing & Graphic Communications	Secretary-treasurer, 342	8-7-84	False entries	8-7-84			LMSA
Webber, Donald	Sheet Metal Workers, 197	Financial secretary, 197	9-4-84	Embezzlement		Open		LMSA
Wedington, Ronald C.	Plumbers	166	3-12-84	Embezzlement, Mail fraud, Aiding and Abetting	6-11-84			LMSA
Weiland, Richard M.	International Brotherhood of Electrical Workers	Business manager/trustee, 640	7-20-83	Conspiracy, False statements, embezzlement from employee benefit plan	10-5-83	Plead		OLR

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Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Wetrick, Edward	Toy and Production Workers	55	12-9-80	Conspiracy, Embezzlement of Assets	5-18-81			DOJ
Wetrick, Edward	Security Guards	Secy.-Treas., 57	12-9-80	Conspiracy, Embezzlement	4-21-81			OLR
Whitfield, Joseph	Plasterers and Cement Masons	Business agent, 567	5-4-83	Embezzlement, Failure to main- tain records	5-4-83	Plead	Suspended sen- tence, 5 years probation, resti- tution of \$13,690. \$2,500 fine	LMSA
Whitlock, Charlotte	Retail, Wholesale Clerks	Secy.-treas., 315	6-10-83	Embezzlement, False entries, False reports	6-10-83	Plead		LMSA
Wilkinson Fish Com- pany William, Donald	United Seafood Workers Seafarers	359 Construction Superintendent	6-3-81 7-12-83	Taft-Hartley	3-23-81 2-13-84		Suspended sen- tence	OLR, IRS FBI
Williams, Donald R.	Typographical Union	Secy.-treas., 20	6-8-83	False entries, False reports	9-1-83	Plead		LMSA
Williams, Doyle	Plumbers	Business man- ager, 342		Threats of vio- lence				FBI
Williams, Philip	Associated Trades and Crafts	President, 2	12-14-77	Embezzlement	10-6-78		1 year impri- sonment	LMSA
Williamson, Neil	Machinists	Secretary- treasurer, 1686	4-12-83	Embezzlement	8-3-83	Pre-trial diversion	1 year probation	LMSA

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Wirtz, Williams J.	Newspaper Guild	Treasurer, 11	12-22-78	Embezzlement	1-30-79		Suspended sentence	LMSA
Wolfrom, Dale	International Brotherhood of Electrical Workers	Financial secretary, 1261	2-1-83	Embezzlement, False entries	4-18-83	Plead		LMSA
Wood, Randall B.	Operating Engineers	Attorney	6-12-80		10-22-80	Acquitted		FBI
Worley, Gary	International Brotherhood of Electrical Workers	387	2-4-81	Embezzlement of Assets	10-21-81			DOJ
Wren, Billie	Transportation Employees	Office secretary	5-9-84	Embezzlement	5-18-84	Plead	5 years probation, restitution of \$8,450	LMSA
Wright, John B.	Transportation Employers	Secretary-treasurer, 1289	3-17-81	Embezzlement	3-17-81		Suspended sentence	LMSA
Wrobel, Alvin V	Moving Picture Machine Operations	Business manager & Trustee of Health and Welfare Fund, 110	1-27-82	Embezzlement from employee benefit plan	9-30-82	Acquitted		FBI, DOJ, OLR
Wuagneux, George	Sage Corporation	President	6-3-81	RICO, Conspiracy, Kickbacks	6-18-82		7 years concurrent with previous sentence of 16½ years	OLR, IRS, FBI

Defendant	Union or Business	Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
X-Press Truck Lines			4-25-83	Mail fraud	4-25-83	Plead	2 years proba- tion, \$4,000 fine, \$35,000 restitution	OLR
Yabui, Gordon	International Brotherhood of Electrical Workers	President, 1186	2-28-84			Open		FBI
Young, Aubrey	Louisiana State Insurance Plan		8-15-80	RICO		Acquitted		FBI
Zapata, Nancy	Railway & Airline Clerks	Financial secre- tary, 435	9-12-84	Embezzlement	9-12-84			LMSA

*Federal Indictments/Convictions, By International Union*

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
Hotel Employees and Restaurant Employees International Union (HEREIU)	HEREIU	19	1-11-83	Kickbacks, Conspiracy, Wire fraud	2-27-84			DOJ
	Chapman, Abe	19	1-11-83	Kickbacks, Conspiracy, Wire Fraud, Aiding and Abetting	2-27-84			DOJ, FBI, OLR
	Diadone, Albert	Vice-president, 54	9-8-82	Hobbs Act, Rico, Murder	2-25-83			FBI
	Dorfman, Allen	19	1-11-83	Kickbacks, Conspiracy, Wire Fraud	3-12-83		Dorfman was murdered in 1-83	DOJ
	Gerace, Frank	54	4-6-83	Embezzlement of Assets		Acquitted 4/85		DOJ, OLR
	Gibson, John	Int'l Secretary-Treasurer	3-23-79	Conspiracy, Embezzlement	5-30-80	Conviction upheld 4-20-82	4 months imprisonment	FBI, OLR, LMSA, IRS
	Haggerty, Alice	State Organizer	7-12-79	Union Embezzlement		Plead guilty		OLR
	Juarez, Nancy	269	6-5-84	False records	6-5-84	Plead guilty	5 years probation and restitution of \$1,200	LMSA

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Lane, Raymond	Sec.-Treas., 28	8-4-82	Obstruction of justice	9-29-82		one year	FBI, OLR
	Lane, Raymond	28	7-11-83	Wire fraud		Pending trial		OLR, FBI
	Lane, Raymond	President, 28	9-14-78	Embezzlement, ERISA	5-12-81	Plead guilty	6-months, \$5,000 fine, 18-months probation resigned office	OLR, FBI
	Lane, Raymond	28	1-11-83	Kickbacks, Conspiracy, and Wire fraud		Acquitted		DOJ, FBI
	Lane, Raymond	28	8-3-82	Intimidation of juror	6-20-83			DOJ
	Locicero, Robert	54	4-6-83	Embezzlement of Assets, Conspiracy, Perjury		Open		DOJ, OLR
	Marolda, Frank	President, 19	9-10-80	Union Embezzlement, Obstruction, Conspiracy		Conviction reserved on appeal, Marolda was reindicted		FBI
	Marolda, Frank	19		Conspiracy	1-11-84			OLR
	Marolda, Frank	19	1-11-83	Kickbacks, Conspiracy, Wire Fraud		Open		DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Martin Elizabeth	427	5-28-82	Embezzlement, Destroying Records	2-10-84	Pre-trial Diversion	Restitution of \$1,407	LMSA
	Martinelli, Donald	54	4-6-83	Conspiracy, Embezzlement, Perjury				OLR, DOJ
	Martorano, Raymond	54	11-10-82	Rico, Murder			Deferred to local authorities	FBI
	Moran, Willard	54	9-30-82	Murder, Hobbs Act	7-1-82			FBI
	Natale, Ralph	President, 470	4-1-82	Controlled Sub- stance Act	11-29-82			FBI
	Proper, D.	54		Narcotics	7-24-84			OLR
	Schiffman, Herbert	Vice-president	1-23-79	Embezzlement of Assets, RICO, Conspiracy	11-12-80			DOJ, OLR
	Schwartz, Sol	19	1-11-83	Kickbacks, Conspiracy, Wire Fraud		Open		DOJ
	Schwartz, Sol	28	1-11-83	Bribery, Aiding and Abetting, Wire Fraud	3-7-84	Acquitted		FBI

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Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
International Brotherhood of Teamsters (IBT)	Smith, Larry	Consultant to Local 54	2-22-83	Conspiracy, Aiding & Abetting, Mail Fraud, Benefit plan bribery		Acquitted 5/85		OLR
	Stamos, James		1-23-79	Rico, Conspiracy	11-12-80			DOJ, OLR, IRS
	Timperio, John		7-12-79	Embezzlement	7-12-79	Plead guilty		FBI, OLR, DOJ
	Toro Construction Co.		4-6-83	Embezzlement of Assets		Open		DOJ
	Vadino, Frank	170	4-1-82	Controlled Substance Act	11-29-82			FBI
	Young, Howard	54	4-1-81	Murder	2-12-82			FBI
	Agena, Helen J.	Bookkeeper 996	1-7-83	Embezzlement, Mail Fraud, Violation of fiduciary responsibility, Tax evasion, Failure to file income forms.	4-15-83			FBI, IRS
	Aladdin Hotel Corp.	Central States Pension Fund	9-4-79	Conspiracy, RICO, Fraud, Wire Fraud, Transportation of Stolen Goods	12-2-82	Open		DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Albenga, Alan	IBT	7-17-84	Conspiracy to use funds illegally		Open		FBI
	Albenga, Oscar	IBT	7-17-84	Conspiracy to use funds illegally		Open		FBI
	Allday, Royce	991	5-1-84	Destruction of property	5-4-84			FBI
	Amendola, Joseph	Trustee, 478	11-7-79	Embezzlement			Acquitted 6-3-80	OLR, FBI
	Andretta, Stephen	Bus. Agent, 560	1-22-79	Rico	5-25-79		7 years imprisonment	FBI, OLR
	Andretta, Stephen	Bus. Agent, 560	3-9-82	Civil Rico	9-16-82		consent judgment 2-8-84	OLR, FBI, DOJ
	Andretta, Thomas	Bus. Agent, 560	1-22-79	Rico	5-25-79		20 years imprisonment	FBI, OLR
	Andretta, Thomas	Bus. Agent, 560	3-9-82	Civil Rico	9-16-82		consent judgment 2-8-84	OLR, FBI
	Angelo, Walter	Employer, 70	12-13-79	Embezzlement/ERISA, tax evasion	12-27-80	Plead guilty	5 years, \$10,000 fine	OLR, IRS, FBI, DOJ
	Banks, Raymond	Vice-President, 299	8-6-81	Embezzlement, Conspiracy		Acquitted on 2/20/82		OLR, DOJ
	Barnes, Larry	991	5-1-83	Destruction of property	5-4-84			FBI
	Baumann, Susan	436	9-9-83	False statements	2-8-84			DOJ, OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Baumann, William	436	9-9-83	False statements	2-8-84			OLR
	Bedell, Forest		7-17-84	Conspiracy of use funds illegally		Open		FBI
	Benedetto, Alois		7-17-84	Conspiracy to use funds illegally		Open		FBI
	Bennet, Dotson	Secretary-Treasurer, 911	6-25-80	Kickbacks, Sweetheart Contract	1-15-82			OLR, IRS
	Boeding, Herman	238	9-3-81	Hobbs Act, Employer pay-offs	6-23-83			DOJ
	Boffa, Eugene	Employer, 326	7-14-80	Mail fraud, Taft-Hartley RICO	6-8-81		20 years, \$47,000 fine, forfeited companies	OLR, DOJ
	Boffa, Robert	Employer, 326	7-14-80	Rico, Mail fraud	6-8-81		12 years, \$24,000 fine	OLR, FBI, DOJ
	Brasucci, Joseph	Secretary-Treasurer, 531	7-17-84			Open		FBI
	Bratton, William	25	6-11-81	Rico, Fraud, False Statements, Transportation of Stolen Goods	11-17-84			DOJ, FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Bravieri, Richard	Bus. Agent, 705	4-15-82	Extortion	9-23-82			FBI
	Briguglio, Gabriel	560	1-22-79	Rico	5-25-79		7 years	FBI, OLR
	Briguglio, Gabriel	560	3-9-82	Civil Rico	9-16-82	Consent judgement 2-8-85		FBI, OLR
	Brown, Harry	959	6-23-82	False income tax returns	12-13-82			DOJ
	Burke, John	478	1-19-82	Transportation of stolen property	1-25-82			DOJ
	Campisano, Joseph	President, 945	10-5-78	Rico, Kickbacks	5-5-79		2 years	FBI, LMSA, OLR
	Capasso, Pasquale	407	1-4-81	Operating gambling devices	7-16-82		State indictment	OLR
	Capo, Anthony		7-17-84	ERISA		Open		FBI
	Carbone, Stephen	295, 851	9-26-84	Payoffs to union officers and LCN families, False tax return	9-26-84		\$20,000 IRS fine	IRS
	Cariello, Vito	Secretary-Treasurer	10-5-78	Rico, Kickbacks	5-5-79		4 years	FBI, LMSA, OLR
	Casten, Herman	238	9-3-81	Hobbs Act, Employer Payoffs	6-23-83			DOJ

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Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Chestnut, Fleo	945	10-5-78	Rico, kickbacks		Conviction overturned		FBI, LMSA, OLR
	Cody, John	President, 282	1-15-82	Rico, Bribery, Kickbacks	11-30-83		Cody has been "missing" since his conviction.	FBI, DOJ, OLR, IRS
	Colagivane, Joseph	294	9-22-82	Tax evasion	9-22-82			FBI
	Collins, Charles	Ex. dir., Michigan Conference of Teamsters Heath Fund	11-17-83	False Declarations	4-24-84			OLR, FBI
	Comer, James	Central States Pension Fund	9-4-79	Conspiracy	3-12-82			DOJ
	Conroy, G.	7		Destruction of property	2-29-84			OLR
	Cooper, George	966	3-9-81	RICO	4-30-82			FBI
	Cooper, Melvin		7-17-84	Conspiracy to use funds illegally		Open		FBI
	Conler, Irving	560	9-4-80	Racketeering	7-7-81			DOJ
	Couts, Charles	Joint Council 56	2-2-84	Embezzlement	3-8-84			OLR, DOJ
	Cruse-Andrini, L.	Bus. Agent, 420	7-81	Kickbacks, Arson, Firearms	7-81		40 months (federal violations), 3 years (state)	OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Cusmano, Joseph D.	299	4-6-77	Hobbs Act	11-5-77		Conviction reversed on appeal 6-3-82	DOJ, LMSA, OLR
	Dague, Everett	238	9-3-81	Hobbs Act, Employer Pay-offs	6-23-83			DOJ
	Dalton, Neil	Secretary-Treasurer, 486, Joint Council 43	1-20-81	Embezzlement of Employee benefit funds, Rico	4-30-81		Deceased	FBI, DOJ
	Davis, Eugene	Trustee, 299	8-6-81	Embezzlement, Conspiracy			Acquitted 2-10-82	OLR
	Davis, Jerry	528	12-31-79	Embezzlement		Plead guilty		OLR, DOJ, FBI
	DePerno, Rocco F.	182	1-24-80	Bribery	6-1-82			FBI
	Del Webb Corporation	Central States Pension Fund	9-4-79	RICO	3-12-82			DOJ
	Dildine, J. W.	Secretary, 560	3-9-82	Civil RICO	9-16-82		Consent judgement 2-8-84	OLR, FBI, DOJ
	Dimaria, Leonard		7-17-84	Conspiracy to use funds illegally		Open		FBI
	Distephano, Francesco		7-17-84	Conspiracy to use funds illegally		Open		FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Dorfman, Allen	Central States Pension Fund Service Provider	5-22-81	Conspiracy to commit offense, Bribery	3-31-83			FBI
	Dunbar, Craig	Bus. Agent, 389	9-17-80	Conspiracy, Embezzlement, RICO	10-25-82		24 months sentence, 5 years probation	OLR, DOJ
	Dunbar, Craig	Bus. Agent, 389	11-20-79	RICO	6-20-84			DOJ, OLR
	Dwyer, Jack	President, 641	4-19-83	Conspiracy, Benefit plan kickbacks, Failure to maintain records				OLR, DOJ
	Dykstra, William	Vice-Pres., 856	1979	Hobbs Act	1979			FBI
	Elchanan, Eshel	Officer, 478	1-11-80	Elkins Act	1-11-80	Plead guilty	2 years probation	OLR
	Elliott, Wayne G.	Vice-Pres.	4-28-81	Embezzlement	10-8-81	4-8-82 Conviction affirmed	2 months imprisonment	LMSA
	Ellis, William L. "Corky"	President, 327	12-15-78	Embezzlement, False reports, Mail fraud, Conspiracy	2-20-79	3-24-80 Conviction affirmed	One year/one day imprisonment	LMS
	Enabit, D.	274		Embezzlement	7-23-84			OLR
	Enea, M.	200		False loan	7-10-84			OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Federico, Biagio	Officer, 863	7-15-82	RICO		Trial pending completion of civil RICO		OLR, IRS
	Felice, John J. Jr.	Vice-pres., 73	9-15-83	Embezzlement of assets, Conspiracy to commit offense, held office illegally	5-20-83			FBI, DOJ
	Ferrugia, Angelo	295, 851	7-26-84	Payoffs to union officers and LCN families	9-26-84			FBI
	Fisher, John C. Franzese, Michael	Vice-pres., 600	7-29-82 7-17-84	Embezzlement Conspiracy to use funds illegally	9-10-82	Open		FBI FBI
	Friedman, Allen	Vice-pres., 507	7-14-83	Embezzlement of Assets	9-28-83		conviction overturned; new trial pending	DOJ
	Friedland, David	Counsel, 701	10-22-79	Kickbacks, Obstruction of justice, Tax evasion	4-11-80		7 years, \$35,000 fine	OLR, FBI, IRS
	Friedland, Jacob	Counsel, 701	10-22-79	Kickbacks, Obstruction of justice	4-11-80		2 years, \$35,000 fine	OLR, IRS, FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Fry, Martin	Sec.-Treas., 389	11-20-79	RICO	6-20-84			DOJ
	Fry, Martin	Sec.-Treas., 389	9-17-80	Embezzlement, Conspiracy, RICO	10-25-82		30 months, 5 years probation	OLR
	Gayheart, Pebo Gerlitz, Chaim	282	6-7-83 7-17-84	Conspiracy to use funds ille- gally		Open		DOJ FBI
	Gramovat, Stanley		7-7-84	Conspiracy to use funds ille- gally		Open		FBI
	Green, Richard	Bus. Agent, 705	4-15-82	Extortion	9-23-82			FBI
	Greenleaf, Hartley	25	6-11-81	RICO, False statements	11-17-82			DOJ, FBI
	Grisafi, Joseph	Sec.-Treas., 929	2-7-84	Labor payoffs	6-22-84			FBI
	Gross, Henry	Bus. Manager, 782	5-15-81	Rico		Open	Due to his ill health, trial appears unlikely	OLR, DOJ
	Grubb, Gordon	Sec.-Treas., 839, J. C. 53 pres.	2-3-81	LMRDA, Tax evasion	2-18-82			FBI
	Hall, Morris	282	6-7-83		4-13-84			DOJ
	Hall, Raymond	282	6-7-83		4-13-84			DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Hall, Milton	728	3-16-82	Explosive devices	12-7-82			DOJ, FBI, OLR
	Hogan, Gerald	560	4-19-83	Conspiracy, Benefit plan kickbacks, Failure to main- tain benefit plan records				OLR, DOJ
	Hopkins, D.	7	2-29-84	Arson				OLR
	Ilacqua, Joseph C.	73, 293	9-20-82	Extortion	5-20-83			FBI
	Improta, Vincent	President, 830	2-3-81	LMRDA	2-12-82			FBI
	Irvin, Betty J.	Bookkeeper, 459	5-27-80		10-21-80			FBI
	Jaronko, Stanley	Trustee, 560	3-9-82	Civil RICO			Consent judge- ment 2-8-84	OLR, DOJ
	Jones, Allen	Sec.-Treas., 5	5-15-83	Rico, Embezzle- ment	5-15-83			DOJ
	Jones, Pierce	Bus.-agent, 728	3-16-82	Explosive devices, Conspiracy, Illegal Transport of Explosives	12-7-82			FBI, DOJ, OLR
	Kalmar, L.	Corporate officer, 326	7-14-80	Obstruction of Justice	6-8-81		10 years, \$20,000 fine	OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Kennedy, Fred	Central States Pension Fund		Conspiracy, Fraud, Wire Fraud, Transportation of Stolen Goods	11-2-82			DOJ
	Kerr, David	Amin. of Welfare fund, 436	9-21-83	Rec'd unlawful payments	4-13-84			DOJ, OLR
	Knox, Thomas P.	Trustee, 600	4-29-82	Embezzlement	9-10-82			FBI
	Larkin, Thomas A.	Attorney, 385	10-27-77	Embezzlement, False entries, Conspiracy		Acquitted 12-12-80		LMSA
	Lazarus, Fanny	Bookkeeper, 312	4-8-80	Embezzlement of \$23,683.50	5-19-80			LMSA
	Lemon, C.	Corporate officer, 326	7-14-80	Obstruction of Justice	6-8-81		8 years, \$16,000 fine	OLR
	Lewellen, Nelson T.	327	12-15-78	Mail fraud, Conspiracy	2-20-79		Suspended sentence	LMSA
	Lewi, Heinz		9-21-79	Employee pay-offs	2-15-80			DOJ
	Lins, Robert A.	President, 299	8-6-81	Embezzlement, Conspiracy, Obstruction of justice			Acquitted 2-10-82; Acquitted of obstruction of justice 3-22-82	OLR, DOJ
	Linton, Lee	Central States Pension Fund	9-4-79	Conspiracy, Hobbs Act, RICO	8-7-83			DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Lipari, Joseph		7-17-84	Conspiracy to use funds illegally		Open		FBI
	Lombardo, Joseph	LCN, Boss	5-22-81	Conspiracy to commit offense, Bribery	3-31-83			FBI
	Lord, Francis	326	4-15-80	Perjury	1-15-81			FBI
	Manning, Joseph E. "Gus"	Trustee, 25	6-11-81	Mail fraud, RICO, Hobbs Act			Deceased	FBI, DOJ
	Manza, Erasmus	138		Hobbs Act, Employer Pay-offs	1-19-81			DOJ
	Marcus, Bernard	Sec. -treas., 169	6-29-82	Hobbs Act	11-1-82			FBI
	Marcus, Leo	President, 560 welfare plan	4-19-83	Conspiracy, Embezzlement from employee benefit plan, Mail fraud	3-26-84			OLR, DOJ
	Martorano, John	837	1-30-84	False statements		Open		DOJ
	Mason, B.	7	1-26-84	Explosives, Arson	2-29-84			OLR
	Massa, Amos	Central States Pension Fund trustee	5-22-81	Conspiracy to commit offense, Bribery	3-31-83			FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Mastro, John	407	1-4-81	Operating Gambling Devices	7-16-82			DOJ, OLR (State indictment)
	Matushita Electric Company	805	5-15-82	Taft-Hartley		Plead guilty	\$101,000 fine	OLR
	McCallion	854	12-2-82		8-11-83			DOJ
	McDonough, Eugene A.	President, 854	4-28-83	RICO, Embezzlement, Hobbs Act, Taft-Hartley, Aiding and Abetting			Acquitted on 8-11-83	DOJ, OLR
	McKin, Nellie	Sec.-treas.	9-6-84	Embezzlement	9-6-84			LMSA
	Meli, Vincent A.	Corporate officer, 299	4-6-77	Hobbs Act	8-1-79	Appeal Denied		DOJ, LMSA, OLR
	Miller, William	660	3-8-79	Failure to file income tax returns	11-21-80			DOJ
	Mishler, David	326	7-14-80	Racketeering	11-20-81			DOJ
	Moore, Austin	282	6-7-83		4-13-84			DOJ
	Mur, Sam	Corporate officer	11-8-79	Taft-Hartley, Elkins Act	11-8-79			OLR
	Moretina, J.	41	6-26-84	False records				OLR
	Mosely, Linville	Admin. of benefit funds, 182	6-7-83		4-13-84		\$5,000 fine	DOJ
	Napoli, Anthony		7-17-84	Conspiracy to use funds illegally		Open		FBI

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Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Nardi, John	Bus. Agent, 507	9-15-82	Embezzlement, Conspiracy to Bribe Witness	3-15-83	Plead to information	Sentencing deferred pending cooperation	DOJ, FBI, OLR
	Nicola, Sante	Corporate officer, 282	4-4-79	False ERISA records	9-26-79	Plead during trial		DOJ, OLR
	Nitka, Clement	Bus. Agent, 50	3-20-80	Embezzlement, False union records	6-3-80	Plead to false records charge		DOJ, FBI, OLR
	Nunes, Leroy	Bus. Agent, 70	12-13-79	Taft-Hartley		Dismissed 2-8-80		OLR, FBI
	Obed, Ben Ary	Corporate officer, 478	11-8-79	Taft-Hartley Elkins Act	11-8-79	Convicted Plead guilty	Suspended	OLR
	O'Farrell, William	President, 500	10-26-82	Hobbs Act			Acquitted on 2-7-83	FBI
	O'Malley, Thomas J.	Trustee, Central States Pension Fund	5-22-81	Conspiracy to commit offense, Bribery	3-31-83			FBI, OLR, DOJ
	Ostrer, Louis C.	Insurance Consultant	7-18-78	Embezzlement, Racketeering	4-23-80		20 years imprisonment	LMSA, DOJ, IRS
	Ostrer, Rita	918	7-18-78	Conspiracy	3-25-80		1 year imprisonment and fine	LMSA, DOJ
	Palmeri, Ernest	Bus. Agent, 945	10-5-78	RICO, Kickbacks	5-5-79	Cert denied	Seven years	FBI, LMSA, OLR

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Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Paone, James	Secretary, 863	7-15-82	RICO		Trial pending completion of civil RICO		OLR, IRS, DOJ
	Parker, Paul Henry	President, 385	10-27-77	Embezzlement, False entries, Conspiracy	5-4-79		3 years imprisonment	LMSA
	Partin, Ed	Sec.-treas., 5	6-15-83	RICO, Violation of fiduciary responsibility	3-2-84			OLR, DOJ, FBI
	Pecora, Thomas	Corporate officer, 863	7-15-82	RICO		Trial pending completion of civil RICO		OLR, IRS
	Pellechia, Ralph	560	1-22-79	RICO	4-26-79	Plead guilty	3 years	FBI, OLR
	Peterson, Margaret H.	Office Sec., 599	9-11-80	False entries	12-3-80		Suspended sentence	LMSA
	Pinto, Robert	Employer, 513	2-15-81	Mail fraud, Conspiracy to commit offenses	3-15-82			FBI, IRS
	Piotrowski, Dennis		9-4-79	Conspiracy, RICO, Fraud, Wire fraud, Transportation of stolen goods	11-2-82			DOJ
	Posner, Harvey	Insurance Agent, 728		Wire fraud	3-9-82			OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Provenzano, Anthony	President, 560	3-9-82	Civil RICO		Consent judgment on 6-15-82		OLR, FBI, DOJ
	Provenzano, Anthony	560	1-22-79	RICO	5-25-79		20 years	FBI, OLR, DOJ
	Provenzano, Frank	560	12-15-82	False income tax returns	10-14-83			DOJ
	Provenzano, Josephine	Sec.-treas., 560	3-9-82	Civil RICO	2-8-84			OLR, FBI, DOJ
	Provenzano, Nunzio	560	9-4-80	Rico	7-7-81			DOJ
	Provenzano, Nunzio	President, 560 welfare plan	4-19-83	Conspiracy, Benefit plan Kickbacks, Failure to maintain benefit plan records	9-27-83	Plead guilty		OLR, DOJ
	Provenzano, Nunzio	Bus. agent, 560	3-9-82	Civil RICO	9-16-82			OLR, FBI, DOJ
	Provenzano, Salvatore	President, 560, Joint Council, 73	4-19-83	Conspiracy, Mail fraud, Benefit plan kickbacks		Open		OLR, DOJ
	Provenzano, Salvatore	560	9-4-80	Racketeering	5-1-81			DOJ
	Provenzano, Salvatore	President, 560	3-9-82	Civil RICO	2-8-84			OLR, FBI
	Ramsay, Betty	Chief steward, 528	6-22-81	Arson	2-23-82			OLR
	Ramsay, Jack	528	6-23-81	Arson	2-23-82			OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Ramsay, Ricky	528	6-23-81	Arson	2-23-82			OLR
	Regalo, Angelo T.	Bus. Agent	9-21-83	Received Benefit Plan Kickbacks	9-26-84			DOJ, OLR
	Resnick, Stanley	478	1-19-82	Interstate trans. of stolen property	1-25-82			DOJ
	Reynolds, Andrew	President & Bus. Agent, 84, 560	4-19-83	Mail fraud, Conspiracy, Benefit plan kickback	12-21-83			OLR, DOJ
	Reynolds, Thomas	Trustee, 560	3-9-82	Civil RICO	2-8-84			OLR, FBI
	Reynolds, Thomas	Bus. Agent, 560	7-19-83	Conspiracy, Mail fraud, Benefit plan kickback	12-21-83			OLR, DOJ
	Riskin, Louis K.		6-17-84	Obstruction of justice	10-5-84			OLR, FBI
	Rispo, Robert	Corporate employer, 326	7-14-80	Obstruction of justice; RICO	2-5-82	Plea	5 years probation	OLR, DOJ, FBI
	Robilotto, Nicholas	President, 294	5-14-82	Misuse of funds	5-14-82			FBI, IRS
	Romano, Frank	Employer, 560	11-28-78	RICO, Mail fraud, Tax evasion	12-23-80		3 years imprisonment; forfeiture of \$1.62 million	IRS, LMSA, OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Rorez, Linda	Office clerk, 727	11-3-83	False information	11-3-83			FBI
	Roscisky, Harry	Bus. Agent, 929	2-7-84	Conspiracy to commit offense	7-6-84			FBI
	Rotondo, Vincent J.	1531	7-17-84			Open		FBI
	Rubino, Linda	560 welfare plan	4-19-83	Conspiracy, Mail fraud, Embezzlement from an employee benefit plan				
	Rudd, Johnnie	Steward, 728	3-16-82	Explosive Devices, Conspiracy, Illegal transport of explosives	12-7-82			FBI, DOJ, OLR
	Russo, James A.	299	4-6-77	Hobbs Act	8-1-79	Appeal Denied		DOJ, LMSA, OLR
	St. Vee Cartage Co.	299	3-24-81	Mail fraud	10-31-83			DOJ
	Salerno, Robert L.	249	6-25-83	Arson	3-9-84			FBI
	Salgado, Martin	Trustee, 186 and 309	11-20-79	RICO, Interstate travel to aid racketeering	6-20-84			DOJ, OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Schaefferman, Joseph	Vice-pres., 326		Conspiracy, aggravated assault		Deferred to local authorities		FBI
	Schmidt, James T.	Secretary, 600	4-29-82	Embezzlement	9-10-82			FBI
	Schurr, Maurice	929	2-7-84	Conspiracy to commit offense	7-6-84			FBI
	Sciarro, Michael	Trustee, 560	3-9-82	Civil RICO	2-8-84			OLR, FBI, DOJ
	Sciarra, Michael	560	3-9-82	Civil RICO	2-8-84			DOJ
	Sciarra, Michael	560	9-4-80	Racketeering	5-1-81			DOJ
	Shane, Mary	436	2-27-80	Embezzlement	11-12-80			DOJ
	Sheehan, Ernest C.	25	6-11-81	Hobbs Act RICO		Acquitted 2-10-82		FBI
	Sheeran, Frank	President, 326	7-14-80	RICO	10-30-81		Partial reversal of conviction on 6-1-83; 18 years, \$20,000 fine	OLR, DOJ, FBI
	Sheridan, Joseph	Vice-pres., 560	Civil RICO		2-8-84			OLR, FBI
	Smith, Charles R.	90	4-28-81	Embezzlement	9-8-81	1-25-82 dismissed		LMSA
	Smith, E.	7		Destruction of property	2-29-84			OLR
	Smith, Frank	945	10-5-78	RICO, Kickbacks	5-5-79		6 months imprisonment	OLR, LMSA, FBI
	Smith, Lawrence	676	2-22-83	Mail fraud		Open		DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Smith, Ralph E.	Secretary-treasurer, 90	4-28-81	Embezzlement	7-16-81	4-16-82 conviction affirmed	6 months imprisonment	LMSA
	Smith, Roby G.	Bus. Agent, 299	4-6-77	Hobbs Act	8-1-79	Appeal Denied	3 years imprisonment	DOJ, LMSA, OLR
	Smith, T.	326	4-81	Embezzlement of union funds				OLR
	Snyder, George	Sec.-treas., 806	12-28-79	Embezzlement	5-22-80			DOJ, FBI
	Sokol, Joel S., Dr.	Service provider, 478	3-31-83	Conspiracy, Mail fraud	7-26-83	Plea	6 months imprisonment, 3 years probation	OLR, DOJ
	Sprague, A.	7	2-29-84	Arson, Explosives	1-26-84			OLR
	Spero, Jack	Vice-pres., 641	4-19-83	Mail fraud, Conspiracy, Benefit plan kickback				OLR, DOJ
	Stanfa, J.	331	6-29-83	Contempt				OLR
	Sterrett, Thomas	Bus. Agent	1-4-81	Operating gambling devices	3-2-82			OLR (State indictment)
	Tennyson, Howard G.	President, 459	5-27-80		10-21-80			FBI
	Tennyson, Mary C.	Secretary, 459	5-27-80		10-21-80			FBI
	Tham, Michael		9-27-79	Embezzlement of Assets	5-21-80			DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Tham, Rudy	Sec.-treas., 856; pres., J.C. 7	9-21-79	Embezzlement; False records	2-15-80			DOJ
	Thompson, Jack D.	Bus. Agent, 486	1-23-81	Conspiracy to commit offense	4-27-81			FBI, DOJ
	Thordarson, S.	Sec.-treas., 389	9-17-80	Conspiracy, Embezzlement, RICO	10-25-82		30 months sen- tence, 5 years probation, appeal pending as of 10-7-83	OLR
	Thordarson, Sten	186, 389	1-20-79	RICO, Interstate travel to aid racketeering	6-20-84			DOJ
	Tindell, Rodney	Central States Pension Fund	9-4-79	Conspiracy, Fraud, Wire fraud, transpor- tation of stolen goods	11-2-82			DOJ
	Torraco, Ralph J.	Accountant, 560	9-9-81	Tax evasion, ERISA reporting viola- tion	7-14-82	plead guilty	1 year impris- onment, 1 year suspended sen- tence, and \$20,000 fine	OLR, IRS
	Torrance, R.	560	6-27-84	Probation viola- tion				OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Trumble, J.	7	7-26-84	Explosives				OLR
	Trunzo, John	507	4-30-84	Hobbs Act	9-4-84			DOJ
	Turner, Larry	528	8-6-81	Arson	2-23-81	Plead guilty		OLR, DOJ
	Uzzolino, Joseph A.	Trustee, Bus. Agent, 478	11-7-79	Kickbacks		Acquitted 6-3-80		OLR, FBI
	Uzzolino, Joseph P.	President, 478	11-7-79	Kickbacks, Embezzlement	6-3-80	Cert. denied, conviction upheld 11-22-82	5 years imprisonment	OLR, FBI
	Vaccarezza, Carlo		7-17-84	Conspiracy to use funds illegally		Open		FBI
	Van, Patton	282	6-7-83		4-13-84			DOJ
	Venditti, Augustine	Bus. agent, 929	2-7-84	Labor	6-22-84			FBI
	Vilardo, Thomas	138		Hobbs Act, Employer Payoffs	1-19-81			DOJ
	Vitello, Ann	Vice-pres., 299 Benefit funds	3-31-81	Mail fraud, Conspiracy, False statement ERISA	11-16-81		Conviction upheld 4-18-83	OLR, DOJ
	Vitello, Silverio	President, 299, Benefit funds	3-31-81	Mail fraud, Conspiracy, False statement-ERISA	11-6-81		Conviction upheld 4-8-83	OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Walla, EliMer E.	President, 682, Business Man- ager J.C. 13	3-80	Embezzlement	5-19-80		15 years impris- onment	LMSA
	Wallace, John Lee	Bus. Agent, 307	2-20-81	Embezzlement, Explosives		Dismissed 4-1-81		LMSA
	Warren, Ronda	Bookkeeper, 661 and 105	12-12-83	Embezzlement	12-12-83			LMSA
	Webbe, Sorkis	Central States Pension Fund	9-4-79	False tax returns, Conspiracy, RICO, Fraud, Transportation of stolen goods	1-2-82		\$10,000 IRS fine	DOJ, IRS
	Weisenback,	560	9-4-80		7-7-81			DOJ
	Welch, Theodore N.	President, 600	4-29-82	Embezzlement	9-10-82	Acquitted		FBI
	Wigod, Nate	Corporate officer, 486 and J.C. 43	1-20-81	Embezzlement of employee benefit funds, RICO	4-30-81			DOJ
	Willford, Harry	238	9-3-81	Employer pay- offs, Hobbs Act	6-23-83			DOJ
	Williams, Roy Lee	International President	5-22-81	Conspiracy to commit offense	3-31-83		10 years impris- onment	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
International Longshoremen's Association (ILA)	Anastasio, Anthony	Executive Vice President, 1814	1/17/79	Payoffs, Mail fraud, Aiding & abetting, Failure to file tax returns	11/15/79		2 years prison, 5 years probation, \$5,000 fine.	FBI, IRS
	Barone, George	President, 1922	6/7/78	RICO, extortion payoffs, false income tax			5 years prison, \$10,000 fine	FBI
	Baruso, Constantine	President and Trustee, 37	10/19/82	Mail fraud, False statement on benefit plan	12/19/83			LMSA, OPWPB
	Baruso, Constantine	37	10/18/83	Aiding and abetting, Mail fraud, False statements	12/20/83			FBI, DOL
	Bareman, Robert Lee	President, 19224A	5/9/78	Breach of fiduciary duty, RICO, Payoffs	1/11/80		10 months imprisonment, 3 years probation, \$15,000 fine	FBI
	Benitez, Marta I	1902	12/19/79	Embezzlement	4/23/80	Plead guilty	3 years probation, restitution	OLR
	Benmaman, Moses	Doctor	11/9/78	Influencing a juror, conspiracy	3/12/80	Plead guilty	\$1000 fine & cooperation	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Brown, Frederick	1329	9/17/82	Obtaining property by false pretenses, Conspiracy, larceny				OLR
	Buzzanca, Thomas	President, 1804 & 1804-1	3/6/79	RICO, Extortion, payoffs	6/20/80		10 years imprisonment, \$5,000 fine	FBI
	Castelo, Joseph	Castelo & Sons	3/6/79	RICO, Payoffs	12/81		1 month imprisonment, \$75,000 fine	FBI
	Castelo, Manuel	Castelo & Sons	3/6/79	RICO, Payoffs	12/81		1 month imprisonment, \$75,000 fine	FBI
	Castelo & Sons Ship Servicing		3/6/79	Payoffs	1/15/80	Plead guilty		FBI
	Castro-Molina, Jesus	President, 1740	7/29/82	Kickbacks	3/4/83		2 years, \$10,000 fine	FBI
	Cernadas, Alfred	1125	1/25/83	Conspiracy	4/18/83			DOJ, FBI
	Clemente, Michael	LCN Genovese family member	3/6/79	Extortion, Payoffs, Failure to file tax returns	6/20/80		20 years imprisonment, \$10,000 fine	IRS, FBI
	Colletti, Michael	Shipping Executive		Conspiracy, Failure to File tax return	10/19/79	Plead guilty	5 years probation, \$5,000 fine	FBI, IRS

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Colucci, Vincent	President 1235, Secretary, 1478-2	3/6/79	RICO, Extor- tion, Payoffs, Failure to file tax returns	6/20/80		5 1/2 years, \$5,000 fine	FBI, IRS
	Conney, Donald	1947	8/15/80	Narcotics				DEA
	Capolla, Michael	LCN Genovese family member	3/6/79	RICO, Extor- tion, Payoffs	6/20/80		13 years impris- onment	FBI
	Correa, Zoraida	Hospital Pay- roll clerk	11/9/78	Conspiracy, Influencing juror	3/26/80	Dismissed		FBI
	Cotrone, Francesca	Office Manager, United Consumer Ship & Repair	6/7/78	RICO, False statements, Payoffs	1/19/79	Plead guilty	1 year probation, \$1,500 fine	FBI
	Cotrone, Joseph	President, United Container and Ship Repair	6/7/78	RICO, Payoffs, False statements	1/30/79	Plead guilty	3 years proba- tion, \$10,000 fine	FBI
	Cotrone, Laura	Manager, United Consumer & Ship Repair	6/7/78	RICO, Payoffs, False statements	1/19/79	Plead guilty	1 year impris- onment, \$1,500 fine	FBI
	Cotrone, Sebastian	Director & Sec., United Container and Ship Repair	6/7/78	RICO, Payoffs, False statements	1/30/79	Plead guilty	1 year probation, \$5,000 fine	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Davis, Sylvester	1414	6/17/83	Theft by deception	9/9/83	Plead guilty		LMSA
	Dennies, Earl R. Sr.	President, 1655	7/20/80	Violation of Fiduciary Responsibility	7/13/81		Probation	FBI
	Diaz-Munoz, Silvio		1/3/79	Mail fraud, Conspiracy, Embezzlement, Aiding & abetting, False income tax returns				FBI, IRS
	Dixon, George	President, 1410	6/7/78	Breach of Fiduciary Duty	1/29/79		3 years suspended sentence, 3 years probation, \$5,000 fine	FBI
	Dunham, Chester	Vice President, 1414	6/17/83	Theft by deception, forgery				FBI
	Durand, J. R.	Benefit Plan Administrator, 1740	7/29/82	Conspiracy kickbacks Aiding & Abetting	1/31/83	Plead guilty	2 years probation, \$10,000 fine	OLR, FBI
	Evans, Wilson	1303	3/9/79	Embezzlement	2/12/81	Acquitted		FBI, DOJ
	Ecuadorian Line, Inc.		10/3/79	Payoff, conspiracy	10/3/79		\$100,000 fine	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Fiore, Vincent James, Jr.	President, Maritime Cartage	6/7/78	Rico, False statements, extortion		Plead guilty 1/29/79	2 years imprisonment	FBI
	Fiumara, Tino	LCN Genovese Family member	3/6/79	Rico, Extortion, Payoffs failure to file tax returns	6/20/80		25 yrs. impr., \$10,000 fine	FBI
	Floyd, Ennis Forman, Max	1947 CPA	8/15/80 6/7/78	Narcotics Rico, False statements, Payoffs		Convicted Plead guilty, 7/23/80	5 yrs. prob., \$2000 fine	DEA, OLR FBI
	Galloway, John H. Garcia, Alfredo	Secretary	10/24/79 1/3/79	Embezzlement Mail fraud, Conspiracy, Embezzlement, Aiding & abetting, False income tax returns		Dismissed Jury Trial	6 mo. impr., 2 yrs. prob.	LMSA FBI, IRS
	Garcia, Edwardo		1/3/79	Mail fraud, Conspiracy, Embezzlement, Aiding & abetting, False income		Jury Trial	18 mo. impr., 2 yrs. prob.	FBI, IRS

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Gardner, Carl	President, 1233	3/6/79	Rico, Extortion, payoffs	5/2/80		10 yrs. impr. \$6,000 fine	FBI
	Garvin, Henry	1414	6/17/83	Theft by deception	12/6/83			OLR
	Gonzalez, Frederick	Doctor	11/9/78	Influencing a juror, Conspiracy		Mistrial	all charges dismissed	FBI
	Green, Floyd	Financial Secretary, 1838	12/19/78	Breach of fiduciary obligation	11/20/79		1 year suspended, \$2,500 fine	FBI
	Haggerty, Donald	Manager, Norton Lily & Co.	4/19/79	Mail Fraud		Found guilty	2 mos. jail, 2 yrs. prob.	FBI
	Harrington, Neal	President, Harrington & Co.	6/7/78	Rico, Payoffs	5/23/80		2 yrs. prob., \$25,000 fine	FBI
	Haygood, Herbert	Benefit Plan Officer, 1414	7/5/83	Theft by deception	12/6/83			DOJ, OLR
	Held, Irving	Owner & Officer, United Terminal Co.	4/9/79	Payoffs		Found guilty	8 months imprisonment, \$10,000 fine	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Hernandez, Julio		1/3/79	Conspiracy, Mail fraud, Embezzlement, Aiding & abetting, False income tax returns		Plead guilty 8/21/79	23 mos. prob. 9/27/79	IRS, FBI
	Hopkins, Robert Simpson	Kerr Steamship Co.	4/19/79	Mail fraud information		Plead guilty	2 mos. confin., 2 yrs prob.	FBI
	Jackson, Elisha	President, 1414	7/5/83	Theft by deception	12/6/83			DOJ, OLR
	Jackson, Rawle A.	1414	7/5/83	Theft by deception	12/6/83			DOJ, OLR
	Kinlaw, Julius	1414	7/5/83	Theft by deception	12/6/83			DOJ, FBI, OLR
	Kohl, Emilio	Doctor	11/9/78	Influencing a juror, Conspiracy			\$1,000 fine	FBI
	Kopituk, Dorothy O.	Director, Florida Welding Service Corp.	6/7/78	Rico, Payoffs, False income tax returns	1/11/80		3 yrs. prob.,	FBI, IRS
	Kopituk, Raymond O.	President, Florida Welding Service Corp.		Rico, Payoffs, False income tax returns	1/11/80		3 yrs. impr.,	FBI/IRS

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Lacqua, Joseph	Officer, American Navigation Corp.	1/17/79	Payoffs, Aiding & abetting		Acquitted		FBI
	Leonard, Rutherford	Former President, 1426	12/19/78	Breach of fiduciary obligation, False reports, Embezzlement from an employee benefit plan.	11/19/79	5 yrs. susp. sentence, 5 yrs. prob.	FBI	
	Lewis, Stanley	1947	8/15/80	Narcotics		Convicted	5 yrs. susp. sentence, \$5,000 fine	DOJ, OLR
	MaGee, L. C.	Treasurer, 1303	3/9/79	False reports		Directed Verdict-Not Guilty		FBI
	Marano, John R.	Employer	1/6/80	Embezzlement, Mail Fraud, Conspiracy			2 yrs prob.	FBI
	Marino, Vincent	Officer, Marine Repair Services	1/7/79	Payoffs, Aiding & Abetting	4/20/80		1 yr. imprisonment, 2 years prob.	FBI
	Martinelli, Marco	Shipping executive	6/7/79	Information Mail Fraud		Plead guilty	2 yrs prob., \$42,000 fine	FBI
	Martinez, Hector	Hospital President	11/9/78	Influencing Juror, Conspiracy		Plead guilty	\$1,000 fine	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	McGann, Edward F.	Shipping executive	4/2/79	Mail fraud		Plead guilty	2 yrs. prob., \$2,000 fine	FBI
	McGrath Services Corp.		7/25/79	Conspiracy, payoffs		Plead guilty	\$1,000 fine	FBI
	Mejias, Ramon, Jr.	Former President, Gydnia Line	12/8/78			Plead guilty	Died prior to sentence	FBI
	Melli, Robert	Employee, M&R Repair Company	3/6/79		7/7/80		6 years imprisonment	FBI
	Merriman, Donald	Secretary-Treasurer, 1955	5/10/82	Embezzlement	5/26/82		Suspended sentence	LMSA
	Molina, J. C.	President, 1740	17/29/82	Conspiracy, Kickbacks, Aiding & abetting		1/31/83 Plea	2 yrs. prob., \$10,000 fine	OLR
	Montesinos, Sarah	Hospital Security	11/9/78	Conspiracy, Influencing a juror		Dismissed	FBI	
	Moore, James	1947	8/15/80	Narcotics		Dismissed		DOJ, OLR
	Moore, Richard	President, 1947	8/15/80	Narcotics		Convicted	4 yrs. impr.	DOL/OLR
	Moore, Robert	1947	8/15/80	Narcotics		Convicted	5 yrs. susp. sentence, \$5,000 fine	DOJ, OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Morales, Oscar	Director, Florida Welding Service		Rico, Payoffs, False income tax returns			3 yrs. impr.	FBI, IRS
	Morecles, Robert	Secretary- Treasurer	6/8/79	Embezzlement	10/2/79		Suspended sen- tence	LMSA
	Nelson, Keith	Former Officer, Prudential Lines	12/6/78	False income tax returns		Plead guilty	5 yrs. prob.	FBI, IRS
	Nelson, Willie	Financial Sec- retary, 1759	6/19/80	Embezzlement	9/30/80		2 yrs. susp. sen- tence	FBI/OLR
	Nieves, Walter F.	Hospital Administrator	11/9/78	Conspiracy, Influencing a juror	3/24/80	Plead guilty	1 yr. susp. sen- tence, \$1,000 fine	FBI
	Nigro, F.	1947		False Statements	8/29/84			OLR
	O'Donnell, William	Secretary, Marine Repair Services, Inc.	12/18/79	Embezzlement, Aiding & abet- ting	4/2/80	Hung jury		FBI
	O'Hearn, Walter	President, McGrath	1/16/79	Aiding & abet- ting payoffs	1/16/79	Plead guilty	6 mos. prob.	FBI
	Otero, Jesus	Doctor	11/9/78	Influencing a juror, Conspiracy	3/12/80		\$1,000 fine	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Peebles, Robert	President, 1759	6/29/83	Embezzlement, False statements	9/13/83		3 yrs. susp., 5 yrs. prob.	FBI, OLR
	Person, Edward	Asst. Vice President, Moore- McCormack Lines	4/5/79	Information, Mail fraud	4/5/79	Plead guilty	2 yrs. prob. \$2,000 fine	FBI
	Pirrone, Joseph	Officer, Inter- national	10/3/79	Information, Mail fraud, Failure to file tax return	10/3/79		5 yrs. prob.	FBI
	Powell, Eddie Quin Marine Services, Inc.	President, 1759	6/29/83 7/25/79	Embezzlements Information, Mail fraud, Conspiracy	9/13/83 7/25/79	Plead guilty	3 yrs. prob. \$1,000 fine	FBI, OLR FBI
	Ramirez, J. A.	Plan Adminis- trator, 1740	7/29/82	Conspiracy, Kickbacks, Aiding & Abet- ting	2/3/83	All counts dis- missed		FBI, OLR, DOJ
	Reid, James	Business Agent, 1414	6/17/83	Theft by conversion, Theft by decep- tion	12/6/83			FBI, DOJ, OLR
	Roach, William Jr.	1947	8/15/80	Narcotics		Convicted		DOJ, DEA, OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Roach, William Jr.	1947	8/15/80	Narcotics		Convicted		DOJ, DEA, OLR
	Robinson, Mike	1414	6/17/83	Theft by deception		Dismissed 12/6/83	DOJ, FBI, OLR	
	Robinson, Oscar	1414	7/5/83	Theft by deception	12/6/83			FBI, OLR, DOJ
	Rodriquez, Jorge		7/29/82	Conspiracy, Kickbacks	2/3/83		2 yrs. prob., \$10,000 fine	DOJ
	Rosen, David	Shipping Executive	10/2/79	Payoffs, Conspiracy	1/23/80		3 yrs. prob., \$1,000 fine	FBI
	Ross, Harvey	1947	8/15/80	Narcotics		Fled		DOJ, DEA, OLR
	Scott, Michael	1414	6/17/83	Theft by deception	9/9/83	Plead guilty		DOJ, FBI, OLR
	Scotto, Anthony M.	President, 181A	1/17/79	Rico, Payoffs, Mail fraud, Aiding & abetting, Failure to file income tax	11/15/79		5 yrs. impr., \$75,000 fine, 5 yrs. prob.	FBI, IRS
	Seaton, Grover	President	12/19/78	Breach of fiduciary obligation	11/19/79	Pre-trial Diversion	Resigned all Union offices	FBI
	Sesler, Lloyd Jr.	Financial Sec., 1759		Embezzlement		Plead guilty	3 yrs. susp., 3 yrs. prob.	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Silva, Raymond	President, 1309	9/17/82	Obtaining property by false pretenses, Conspiracy & Larceny			Not yet tried	JOJ/OLR
	Silva, Raymond	President, 1329	10/3/79	Embezzlement, Payoffs from employers	6/13/80		5 mos. impr.	LMSA, OLR
	Singelton, Herbert	Business Agent, 1414	6/17/83	Theft by deception	12/6/83			DOJ, FBI
	Smith, Robert Stanley	Secretary-Treasurer, 1429			3/23/83			FBI
	Spitz, Arnold	Consultant, Gydnia Lines	1/3/80	Mail fraud, Failure to file tax return	1/3/80		2 yrs. prob. sentence, 250 hrs. community service	FBI, IRS
	Sterling, Gordon	Pres. & Owner Weber Holding Co., Inc.	10/3/79	Conspiracy, Mail fraud	10/3/79			FBI
	Strick Corporation		5/14/81	Embezzlement	5/14/81		2 yrs. prob.	LMSA
	Sutton, Willie Lotton	Business Agent	12/19/78			Nolo Plea	5 yrs. susp., 5 yrs. prob.	FBI
	Swanton, Gerald	Former VP Netuman Lines	3/6/79	Extortion, Perjury	6/20/80		5 yrs. impr., \$50,000 fine	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Triplett, Jerry	Vice-president, 1765	6/12/81	Embezzlement, False entries	10/9/81		2 yrs. prob.	LMSA
	Turner, Cleveland	President, 1416	6/7/78	Rico payoffs	9/1/79		10 yrs. impr., \$5,000 fine	FBI
	Valdey, Tony	President, 1936	6/8/79	Embezzlement	8/21/79	Convicted	5 yrs. impr.	LMSA
	Varney, Basil	1947	8/15/80	Narcotics				DEA, DOJ, OLR
	Vanderwyck, James	Office Manager, 1922	6/7/78	Rico, Extortion, Payoffs	9/1/79		10 yrs. impr., \$5,000 fine	FBI
	Weeks, Richard W.	President, Weeks Steve- doring Co.	5/10/79	Conspiracy, Mail fraud		Plead guilty	3 yrs. prob., \$75,000 fine	FBI
	Wichenhauer, Charles	Secretary- Treasurer, 1642	4/22/82	Embezzlement, Officer loans exceeding \$2,000, Payoffs from employers, embezzlement from benefit plan (\$18,957.31), False statements	7/31/82	Plead guilty	1 yr. impr., probation, \$5,000 fine	LMSA/OPWBP
	Williams, Arnold	1414	6/17/83	Theft by decep- tion	9/9/83	Plead guilty		DOJ, FBI, OLR
	Williams, Arnold	1414	7/5/83	Theft by decep- tion	12/6/83			FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Williams, Landen	President, 1408	11/6/79	Embezzlement, Failure to file tax return	3/21/80	Acquitted		FBI, IRS
	Zappola, George	Employee, M&R Repair Company	3/6/79	Extortion, Bribery	7/7/80		10 yrs. imprisonment, \$10,000 fine	FBI
	Wise, Charles	Vice-pres., 389	11/20/79	Conspiracy, Embezzlement, RICO	8/13/82		Embezzlement charges dismissed; RICO upheld	OLR
	Young John W.	Sec.-treas., 1065	1-5-83	Embezzlement	3-28-83	Plead guilty	3 months imprisonment 57 months sentence; 5 years probation	LMSA
	Zalk, Marvin	Admin. welfare plan	4-19-83	Benefit plan kickbacks, Conspiracy, Mail fraud, influencing a juror				OLR, DOJ
LIUNA	Accardo, Anthony		6-3-81	Rico, Conspiracy, Kickbacks		Acquitted 6-18-82		OLR, FBI, IRS, DOJ
	Annunzio, S.	455	4-26-79	Conspiracy		Flight from prosecution		DOJ, FBI, OLR
	Baker, William	Chief Steward, 438	2-4-81	Payoffs	5-14-81	Plead guilty		OLR, FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Broderick, Joseph	110	4-14-83	RICO		Open		FBI
	Brown, F.	Bus. Manager, 479	5-29-81	Mail fraud, Conspiracy, Embezzlement			Not guilty (11-3-81)	FBI
	Butler, Bahaley	Secretary- treasurer	4-14-83	Embezzlement, Destroying records, False entries, Failure to maintain records	4-14-83		Pretrial diver- sion	LMSA
	Cagnoli, Edward		1-9-81	Obstructing Justice, Embez- zlement of Assets, Racke- teering	1-9-81			DOJ, FBI
	Carter, Joyce	Treasurer, 300	9-18-80	Embezzlement	9-18-80		Suspended sen- tence	LMSA
	Coates, Joan	Chief Steward, 300	9-10-81	Embezzlement		12-23-81 Acquitted		LMSA
	Coia, Arthur	Bus. Agent New England Region	9-23-81	RICO, Kickbacks		Dismissed 3-10-82	Government appeal pending	FBI, IRS, OLR
	Coia, Arthur E., Sr.	Secretary- treasurer, LIUNA	9-23-81	Kickbacks, RICO		Dismissed 3-10-81	Government appeal pending	FBI, IRS, OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Coporale, James	Secretary-treasurer, LIUNA	9-23-81	RICO, Conspiracy, Kickbacks			12 years, forfeiture of union position	OLR, FBI, IRS
	Di Franco, Paul A.	Vice-president, LIUNA	6-3-81	RICO, Conspiracy, Kickbacks		Trial pending		OLR, FBI, IRS
	Domino, Daniel	210	4-28-83	Conspiracy, Embezzlement	8-10-84			DOJ
	Doyle, Cedric	Bus. Agent	7-28-83	Aiding and Abetting in ERISA and Hobbs Act violations	1-26-84	Guilty of ERISA violations; not guilty of Hobbs Act violations	5 years probation, restitution of \$80, \$4,000 fine	OLR, DOJ, LMSA
	Doyle, Rayburn	692	8-21-84	Hobbs Act, Payoffs, False statements		Open		DOJ, OLR
	Doyle, Wilford, Sr.	692	8-21-84	False records				OLR
	Doyle, Wilford Sr.	692	8-21-84	Hobbs Act, Payoffs	12-16-84			DOJ
	Falzone, Leonard	210	4-28-83	Embezzlement, Conspiracy	8-10-84			DOJ
	Farmer, Chyril	465	5-27-81	Embezzlement	6-11-81			LMSA
	Ferney, William	President and trustee, 734	11-15-79	Kickbacks	5-16-80	Cert denied 1-12-82	7 years imprisonment	OLR
	Fino, Ron	210	11-81	Conspiracy	9-20-83	Plead guilty		OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Flynn, Raymond	Bus. Manager, 42		Held office illegally				FBI
	Fosco, Angelo	President, LIUNA	6-3-81	RICO, Conspiracy, Kickbacks		Not guilty 6-28-82		OLR, FBI, IRS, DOJ
	Fosco, Paul		6-3-81	RICO, Conspiracy, Kickbacks		Trial pending		OLR, FBI, IRS
	Germer, Hugo	Pension & Welfare Fund, 743	11-15-79	Kickbacks	5-16-80		6 years imprisonment	OLR
	Giammaniai, Thomas	210	11-81	Mail fraud		Trial in progress as of 9-20-83		DOJ, OLR
	Giardiello, John	President	6-3-81	RICO, Conspiracy, Kickbacks	6-29-82		12 years, forfeiture of union position	IRS
	Gopman, Scymour	Legal Counsel, LIUNA	6-3-81	RICO, Conspiracy, Kickbacks	6-18-82		5 years and 4 months imprisonment	FBI
	Hauser, Joseph	Insurance Consultant		Benefit plan kickbacks	2-5-79		2 years imprisonment	DOJ, FBI
	Hawkins, Bernard	872		Embezzlement	7-3-84			OLR, DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Herrera, G.	LIUNA, Health & Welfare Consultant		Interstate transportation of stolen property, Receipt of stolen property				OLR
	Hitchings, John	Contractor, 214	7-17-81	Tax Evasion	10-29-81			FBI, DOJ, OLR
	Hitchings, John	Contractor, 214	1-24-81	Perjury Kickbacks	1-24-81			FBI, IRS
	Holden, Donald	Bus. Agent, 821	10-22-82		3-22-83			FBI
	Hymes, Estar, Jr.	North Central Florida District Council	10-6-81	Embezzlement	11-18-81		3 years probation	LMSA
	Inorio, Albert	Bus. Manager	4-26-79	Embezzlement	11-20-79			DOJ, FBI, OLR
	Kissinger, Guy W.	Secretary-treasurer, 301	1-20-83	Embezzlement, False reports, Concealing records	6-27-83	Plead guilty		LMSA
	Leisure, Anthony	110	4-14-83	RICO		Open		FBI
	Leisure, Paul John	42	4-14-83	RICO		Open		FBI
	LePore, Albert J.	Counsel, LIUNA	9-23-81	RICO, Kickbacks		Dismissed 3-10-82	Government appeal pending	OLR, FBI, IRS
	Liberatore, Anthony D.		5-15-79	Bribery	7-15-80			FBI
	Liberatore, Chester	Business Manager	6-15-80	Arson	8-15-80		Reversed 5/82; retrial not set	FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Loroy, Kevin V.	Business Manager, 214	1-9-81	RICO	8-18-82			FBI, OLR, IRS
	Lozano, F.	479 & 383	5-29-81	Mail fraud, Embezzlement, Conspiracy		Not guilty (11-3-81)		FBI, OLR, DOJ
	Martinez, Manuel	Business Agent, 16	7-28-81	Embezzlement	12-21-81		Suspended sentence, fine	LMSA
	Mastyhang, Carl	Bank official, 210		False bank loan	11-81	Trial in progress		DOJ, OLR
	Mayo, John G., Sr.	Secretary-treasurer	7-11-84	Extortion, Violation of fiduciary responsibility	7-11-84			FBI, OLR
	McGivney, Kreiger	214	1-24-81	Narcotics	1-24-84			FBI, IRS
	McNair, Stephen	Business Manager, 621	4-5-84		8-3-84			FBI
	Merloni, James V.	President, District Council, RI	1-8-81	Embezzlement, Aiding and Abetting			6-3-81 not guilty	OLR, FBI, DOJ
	Mondry, John B.	Business Manager, 621	3-31-82	Embezzlement, False reports	9-2-82			LMSA
	Moody, Carolyn F.	Secretary, 1317	1-26-83	False information, Embezzlement	1-26-83			FBI
	Moon, Martha A.	373	12-5-83	Embezzlement (\$44,300)	1-13-84			LMSA

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Moore, Augusteus	Secretary-treasurer, 555	5-2-83	False entries	6-2-83		Suspended sentence	LMSA
	Norton, James		6-3-81	RICO, Conspiracy, Kickbacks		Trial pending		OLR, FBI, IRS
	Odom, Jimmy	President, 692	7-28-83	Hobbs Act, ERISA violations	11-4-83	Guilty of ERISA violations; not of Hobbs Act violations	1-26-81 sentenced to 5 years probation and restitution of \$80; \$4,000 fine	LMSA, OLR, DOJ
	Osley, George, Jr.	383 & 872	7-3-84	Embezzlement of Assets, Obstructing Justice		Open		DOJ, OLR
	Osley, George	872	9-11-84	False income tax		Open		DOJ, OLR
	Ostrer, Louis	Insurance Consultant	6-3-81	RICO, Conspiracy, Kickbacks	6-18-82		7 years concurrent with previous sentence of 20 years	OLR, FBI, IRS
	O'Sullivan, Terence	Secretary-treasurer, LIUNA	6-3-81	RICO, Conspiracy, Kickbacks		Acquitted 6-18-82		OLR, FBI, IRS, DOJ
	Pasquale, John Jr.	Business Administrator	10-8-81	Firearms, Dangerous Special Offender Act	12-21-81		7 years imprisonment	OLR, FBI, DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Patriarca, Raymond		4-12-81	RICO, Conspiracy			Deceased	FBI, OLR
	Piccarreto, Loren	435	12-15-82	Union Violence		Acquitted 3-20-83		DOJ, OLR
	Pieri, John	210	4-28-83	Embezzlement, Conspiracy	8-10-84			DOJ
	Pilotto, Alfred	President, 5	6-3-81	RICO, Conspiracy, Kickbacks	6-18-82		20 years imprisonment	OLR, FBI, IRS, DOL
	Pinckard, James		6-3-81	RICO, Conspiracy, Kickbacks		Trial pending		OLR, FBI, IRS
	Pitts, Eddie D., Sr.	Secretary-treasurer, 821	4-2-81	Embezzlement			3 years suspended sentence, fine	LMSA
	Poirier, Louis W.	District Council (RI)	1-8-81	Embezzlement, Aiding and Abetting			6-3-81 not guilty	OLR, FBI, DOJ
	Parvis, James R.	Business Manager	1-26-83	Embezzlement, False information	1-26-83			FBI

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Ramirez, Pera C.	93	2-7-84	Embezzlement, False entries	4-9-84	Plead guilty to false entries sentenced to 1 year; suspended sentence 5 years probation and restitution of \$555	1 year imprisonment, 5 years suspended, probation, restitution of \$555	LMSA
	Randaccio, Victor	210	4-28-83	Embezzlement, Conspiracy	8-10-83			DOJ
	Rivers, Mildred M.	784	8-28-79	Embezzlement	10-26-79		5 years probation	LMSA
	Roshetski, John	Secretary-treasurer, 95	4-5-84		8-3-84			FBI
	Rubin, Bernard	District Council, Southwest Florida	6-3-81	RICO, Conspiracy, Kickbacks	6-18-82		8 years concurrent with previous sentence	OLR, FBI, IRS
	Sansese, Daniel	210	4-28-83	Embezzlement, Conspiracy	8-10-84			DOJ
	Sarko, Alan B.		10-6-81	RICO	2-14-82			FBI
	Scaccia, Francis A.	Business Manager, 214	1-24-81	RICO	1-24-81			FBI, IRS
	Scaccia, Francis	214	1-9-81	RICO	7-17-81			FBI, DOJ

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Scaccia, Ronald	214	1-9-81	Racketeering, Obstructing Justice, Payoffs, Embezzlements	1-17-81		Forfeiture of office	DOJ, FBI, OLR
	Scaccia, Ronald Sr.	Business Agent, 214	1-24-81	RICO	1-24-81			FBI, IRS
	Shaw, Ella W.	18	10-28-83	Embezzlement of \$6,710 and false entries	10-28-83	Pre-trial diversion	Restitution of \$2,400	LMSA
	Sherman, Joseph Soltero, W. Sr.	President, 95 Business Man- ager, 479	4-5-84 5-29-81	Mail fraud, Conspiracy, Embezzlement	8-3-84 5-29-81	Not guilty (11-3-81)		FBI FBI, OLR, DOJ
	Soltero, W. Sr.	Business Agent, 383	10-79	Embezzlement		Plead guilty	4 years impris- onment, \$6,000 fine, removed from office	FBI, OLR
	Soltero, W. Jr.	President, 383	10-79	Embezzlement		Plead guilty	1 year impris- onment, \$5,000 fine, removed from office	FBI, OLR
	Sterling, William	210	11-81			Trial in progress as of 9-20-83		DOJ, OLR
	Taylor, Garland	Administrator, 222	9-22-81	Embezzlement	3-12-82	Plead guilty	5 years proba- tion, \$5,000 fine	OLR

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Taylor, Raymond	Business Manager, 1041	1-12-83	Embezzlement, False entries	3-29-83			LMSA
	Testi, Orlando	214		Embezzlement of Assets, Failure to file income tax returns, False income tax returns				LMSA
	Thomas, Robert, Jr.	Business Manager, 784	6-5-83	Embezzlement	7-14-83			LMSA
	Todaro, Joseph	210	4-28-83	Conspiracy	8-10-84			DOJ
	Torres, E.	Secretary-treasurer, 479 & 383	5-29-83	Mail fraud, Conspiracy, Embezzlement		Not guilty (11-3-81)	FBI, OLR, DOJ	
	Trafficante, Santos		6-3-81	RICO, Conspiracy, Kickbacks		Trial pending		OLR, FBI, IRS, DOJ
	Tricario, Salvatore	Business Agent, 767	6-3-81	RICO, Conspiracy, Kickbacks	6-18-82		12 years imprisonment, forfeiture of union position	IRS, FBI, DOJ
	Truste, Joseph	Steward, 435	12-15-82	Conspiracy		Acquitted 5-25-83		DOJ, OLR
	Trupiano, Matthew M.	Business Representative	7-15-84	RICO		Open		FBI, IRS

Union	Defendant	Union Position/ Local #	Indictment Date	Violation	Conviction Date	Prosecution Status	Sentence	Participating Agency
	Vaccaro, Joseph J.		9-23-81	RICO, Kickbacks		Dismissed 3-10-82	Government appeal pending	OLR, FBI, IRS
	Vaccaro, Richard	Business Man- ager	7-29-81	Embezzlement, Mail fraud	7-29-81	Plead guilty		DOJ, OLR
	Vogan, Robert M.	Secretary- treasurer, LU462	6-8-83	Embezzlement, False report	7-1-83	Convicted by plead guilty	Suspended sen- tence, 5 years probation, resti- tution of \$5,000 to bonding company and \$900 to LU462.	LMSA
	Warren, M.	Vice-president, 479 & 383	5-29-81	Mail fraud, Embezzlement, Conspiracy		Not guilty 11-3-81		FBI, OLR, DOJ
	Waugneux, George	S. Florida LIUNA Pen- sion Fund	1-16-80	RICO, Embezzlement- ERISA, Tax evasion, Bank and mail fraud			10 years impris- onment, 3 years probation \$191,000 resti- tution, \$20,000 fine	OLR, FBI, IRS
	Waugneux, George	S. Florida LIUNA Pen- sion Fund	6-3-81	RICO, Conspiracy	6-18-82			FBI
	Wilson, Robert	214	1-9-81	Perjury	3-26-82			DOJ, FBI, OLR
	Wright, Jake	President, 478	3-6-81	Embezzlement	4-22-81	Plead guilty		OLR

The following is a DRAFT paper by Professor  
George W. Brooks of Cornell University.

Revisions of his paper may be included in the  
final printed version of this report appendix.

## UNION DEMOCRACY AS A DETERRENT TO CORRUPTION AND ORGANIZED CRIME

### I Introduction—The Framework In Which Union Corruption and Association With Organized Crime Arises

#### *Roots Of Corruption In The Past*

Corruption on a large scale in unions and ties between unions and organized crime began as early as the last decades of the nineteenth century. The employer's role in union corruption is equally historic.

Royal E. Montgomery in his book, *Industrial Relations in the Chicago Building Trades*, 1927, describes the orgy of union abuses in the nineties. He attributes it to "concentrated power" and notes conditions on the employer's side "conducive to abuses." To him employer associations were "more interested in agreements with unions whereby they were enabled to control prices and limit supply than in contracts concerning wages, hours, and condition."<sup>1</sup>

Montgomery quotes the Chief Justice of the Circuit Court of Cook County (1921), who describes the relationship between the unions and crime:

Many of the important unions of the city of Chicago are controlled by criminals . . . Gunmen and convicts have seized hold of the offices of these unions for the sole purpose of increasing conspiracy that they might get money from the citizens of Chicago by a reign of terror.<sup>2</sup>

Montgomery also notes the role and character of union leadership in the corruption of the early building trades in Chicago:

In no small part the power, dominance, and abuses of the unions during this period were a result of their leadership. Martin B. ("Skinny") Madden, president, treasurer, and business agent for the Steamfitters' Helpers, was the power behind the throne in the old Building Trades Council just before the lockout of 1900. Skinny was a terror . . . he dominated every action of the Board of Business Agents. . . . Madden became—perhaps not altogether justly and not altogether unjustly—a devil incarnate; he was the personification of graft, violence, and intimidation.<sup>3</sup>

Thus for almost a century organized crime has been closely tied to unions, and employers have played a significant role.

#### *Contemporary Corruption—The "Big Four"*

According to the President's Commission on Organized Crime, union corruption and association with organized crime today is centered in four large unions: International Brotherhood of Team-

sters, Chauffeurs, Warehousemen and Helpers of America; Laborers' International Union of North America; Hotel Employees and Restaurant Employees International Union (HERE); and International Longshoremen's Association (ILA). At a Commission hearing in Chicago in April 1985, Commissioner Thomas McBride prefaced his listing of the four unions with the following statement:

Those of the Federal law enforcement and local law enforcement community who are expert in the problem of organized crime and labor racketeering have concluded that the mob or the Mafia, La Cosa Nostra, in other words, traditional organized crime elements control in substantial degree four international unions: Teamsters, Laborers, Hotel and Restaurant Employees, and Longshoremen (ILA).<sup>4</sup>

*The Forms Of Union Corruption And Relations With Organized Crime*

The ways in which unions become corrupt and associated or entangled with organized crime are numerous and complicated, making them difficult to classify. The form of corruption depends upon the situation in which the union operates. Sometimes it is limited to the internal operations of the union; at other times it involves management and organized crime directly or indirectly. The range varies from organized crime taking over or dominating an existing union to legitimate unions whose officers engage in corrupt practices not directly associated with organized crime. In between are many different forms of corruption. The following examples indicate the wide variety of forms in which corruption occurs. The circumstances underlying the development of corruption are discussed later.

*Jimmy Hoffa—The "Double Agent"*. One relationship between unions and organized crime is explained by Lester Velie in *Desperate Bargain—Why Jimmy Hoffa had to die*. He describes Hoffa as a "double agent," using "his upper-world position to serve the underworld and his underworld connections to serve the upper world." Velie describes this relationship during Prohibition, when the gangsters "organized a vast rum-running and moonshining industry that lubricated millions of consenting adults' throats. . . . the upper world gratefully covered the cost, plus a profit." He further elaborates:

To those underworld services, Hoffa made a major contribution. He turned the sale of union favors into a major underworld industry. Labor racketeering has been with us almost as long as unionism. But access to the power of the country's key union

gave a new dimension of power, prestige, and wealth to organized crime figures. The Teamsters can make or break another union's organizing drive or a strike, by honoring a picket line or by crossing it with deliveries. Access to Teamster power gives the underworld leverage in other unions as well.

\* \* \*

Funneling Teamster economic power to gangsters—who sold it to the upper world—was Hoffa's chief double-agent service to both worlds.

\* \* \*

For his underworld constituents, too, Hoffa provided millions of dollars of loans from Teamster pension funds, which permitted gangsters to broaden their beachhead in legitimate businesses. . . .

Hoffa had a cozy arrangement with truckers, in which they yielded substantial wage increases, knowing that Hoffa would join them in convincing the Interstate Commerce Commission and state tariff bureaus to increase rates and pass along the higher wages to the public.<sup>5</sup>

*The Union Official, An Underworld Boss.* Sometimes, as in Laborers' Local 1 in Chicago, the president or other union official is also an underworld boss. After its hearing held in Chicago in 1985, the Commission described Vince Solano as president and underworld boss, controlling "all types of gambling, ziganetta, poker games, horse bookmaking, sport bookmaking, also extortion of topless clubs, strip joints, massage parlors, dirty bookstores, gay bars, also vending machines."<sup>6</sup>

Another example is the case of John Serpico, who held office as a vice president in the national Laborers' union and president of Local 8, as well as other offices in other organizations. His testimony concerned, among other things, \$5 million of dental premiums, 32 percent for benefits and 68 percent "siphoned off for overhead profits, commissions," etc. An ostensible insurance specialist, with no experience as a dental care provider, received \$2 1/2 million.<sup>7</sup>

*Organized Crime and New York City Construction.* According to testimony taken by the President's Commission on Organized Crime from a protected witness, who was a labor official with experience on the management side, organized crime controls much of the large-scale construction contracts in New York City.<sup>8</sup> The witness stated the largest general contractors decide through

collusive bidding who gets a particular project. Then an emissary of organized crime or a union official, usually from the strongest union scheduled to work on the job, approaches the contractor. He tells him who his subcontractors and suppliers will be, from whom he is to purchase materials and at what price. Occasionally he designates the union he is to use. Unions dominated and controlled by or belonging to organized crime are involved at every step of the way.<sup>9</sup> The testimony indicates further that several Laborers' locals are "owned" by members or specific crime families operating in New York.

According to the same witness, on average the rake-off or skim for organized crime is approximately 20 percent of the total cost of the project.<sup>10</sup> Cash is funnelled to organized crime, sometimes through union officials, more often through emissaries of organized crime who deal directly with contractors.<sup>11</sup> In the absence of organized crime, prices would be lower, more work would be available, and collective bargaining agreements would mean something.<sup>12</sup>

Another protected witness with many years in labor and management in the construction industry described the connections between organized crime and construction union officials, focusing primarily on northeastern states. As a labor official he represented employees in heavy construction, which includes operating engineers, pipefitters, iron workers, laborers, boilermakers, electricians, plumbers, teamsters and others. The union official, he reported, is approached by a member of organized crime seeking such favors as union membership cards. These provide access to large numbers of workers on construction sites. By gaining access, the organized crime member can engage in dice games, card games, bookmaking, loan sharking, and control these activities at the job site.<sup>13</sup>

*New Forms—Labor Leasing Companies.* In many respects union corruption and connections with organized crime have persisted unchanged over time. But new forms have also evolved. One example is the establishment of nationwide labor leasing companies. These supplant the trucking operations of major companies and greatly modify existing bargaining agreements without the participation of affected workers. Many large, well-known corporations are reportedly involved.<sup>14</sup>

One example is Eugene Boffa, who as an employer, set up labor leasing companies. He contracted with the original corporations to rent back truck drivers, usually members of the Teamsters union.

at considerable savings. In some cases organized crime, Boffa and his crew instigated labor problems, which encouraged the establishment of labor leasing companies.<sup>15</sup> If the workers were dissatisfied with their reduced wages, loss of seniority and other aspects of the new arrangement, the leasing company would be dissolved, another company formed, and the troublesome men dismissed.<sup>16</sup> Wages and benefits were lowered as switches were made. Drivers were thus deprived of conditions they had had under the Master Freight Agreement, with no recourse available.<sup>17</sup> Kickbacks were a routine part of the labor leasing schemes.<sup>18</sup>

*Corruption On The Docks.* Corruption has also been found on the docks in New York City. Joel Seidman described this corruption in his *Democracy in the Labor Movement* (1969):

Few union groups have had to put up with as much autocracy, accompanied by corruption and terrorism, as the longshoremen in the Port of New York. The lack of democratic rights in that union and the many other abuses that exist are not unrelated to the fact that longshoring is about the most insecure of any industry. When a worker has to be hired afresh every day of his working life, and may be denied employment at the whim of a company hiring boss whom the union controls, he is in no position to press for democratic rights within the union.

Testimony before the State Crime Commission . . . showed, indeed, that under the daily "shape-up" system of hiring then in effect, the longshoremen were forced to kick back two to three dollars out of each day's earnings if they wanted assurance of work. The longshoremen were also victimized by loan sharks and by professional gamblers who operated crooked dice games, all of whom were under union protection. The entire system of graft masquerading as unionsim was enforced by strong-arm men recruited largely from among ex-convicts, with beatings and sometimes death the penalty for any who dared to challenge the system . . . the worst corruption, the least democracy, and the greatest job insecurity . . . went together—a situation that could hardly be coincidental.<sup>19</sup>

*The Security Guards.* Unions have also been purchased and controlled by organized crime. Daniel Cunningham, who bought a union and ran it as president, testified before the President's Commission in April 1985 while serving a five-year sentence for labor racketeering. In 1974, he says, he paid \$90,000 to Pat Sotille,

president of the Allied International Union of Security Guards, picking up his unexpired term. Cunningham told of payoffs from security companies when contracts were negotiated, including "sweetheart contracts."<sup>20</sup> Five unions, whose members were security guards at nuclear power plants, struck at one time.<sup>21</sup> Cunningham also talked about his associations with members of organized crime concerning his attempts to organize security unions in Atlantic City. They wanted his guards out on strike "in order to support any union activity which they . . . had an interest in." In return, Cunningham had no competition for guards in Atlantic City.<sup>22</sup>

*Distribution of Beef In The New York City Market.* A dramatic case is that involving the distribution of boxed beef in the New York City market. It is interesting because it begins with the legitimate concerns of unions and of the Iowa Beef Company.

As described in the invaluable book by Jonathan Kwitney, *Vicious Circles—the Mafia in the Marketplace*,<sup>23</sup> an entrepreneurial genius, Currier Holman, revolutionized the meat industry by shipping beef in boxes after it had been processed on a belt-line by unskilled workers. He thus eliminated the expense of handling carcasses and of butchering at retail stores. The savings to consumers were substantial. But getting into the crucial New York market was difficult because it would have meant a substantial reduction in the employment of meat cutters, all members of the Amalgamated Meat Cutters and Butcher Workmen of America (now merged into the United Food and Commercial Workers).

The butchers, understandably alarmed, refused to handle (or permit to be handled) any Iowa Beef products. Normally, this would be a negotiable matter, requiring discussion of job security, skill transfers, seniority and compensation. Instead, it was handled by organized crime, with Moe Steinman as the key figure, "selling his services" to Holman. Attention *was* given to job security, etc., but it was accomplished through an arrangement involving huge payoffs to the mob, company executives, and union officers. The potential gains to consumers were greatly reduced as a result of the "arrangements." Attempts to escape the elaborate Steinman net were handled by violence and economic penalties.

Holman's search for an "arrangement" for his marketing problem eventually made him a tool of the mob.

*Corruption Without Organized Crime.* The United Brotherhood of Carpenters and Joiners provides an example of a union without ties

to organized crime but with a record of corruption among its officials. In the late 1950s, President Maurice Hutcheson was charged with gross misuse of union funds, which were in excess of \$500,000. He used the money chiefly to pay the publisher of the *Trade Union Courier*, mostly for writing and publishing a biography of his father, the former president of the union. In addition, Hutcheson and two other Carpenter officials were indicted on charges of conspiring to bribe a highway official for inside information about highway routing in order to turn a profit of \$79,000 on a land deal. Hutcheson and one other officer were found guilty. The union took no action against Hutcheson.<sup>24</sup> Morris A. Horowitz in his book, *The Structure and Government of the Carpenters' Union*, discloses these incidents and adds the following comment, which bears directly on the issue of union democracy and corruption:

The bad publicity on these various matters did not result in any open protest within the union, and at the general convention in 1958 no reference was made to the alleged corrupt and unethical activities of which officials of the union were accused. *Such silence appears to indicate a lack of avenues of real protest on significant matters within the organization.* (Underscoring added)<sup>25</sup>

Because the forms of corruption and association of unions with organized crime are so varied and complex, it is virtually impossible to "classify" the types of union involvement in corruption and organized crime. In some cases, it seems clear there is no "union" in any meaningful sense: the mob is simply using the traditional union form of organization (NLRA "protection") to establish its control. In other cases regular union organizations have become interlocked with organized crime. In still other cases corruption develops in the union without any significant connection with organized crime. There are many variants of each type. A significant variable is the role played by the employer—victim, partner, or originator.

*Factors Upon Which Union Corruption And Association  
With Organized Crime Depend*

Corruption and association with organized crime depend upon a host of conditions or factors, ranging from the sources of available funds to the attitudes of union members and the difference between institutional and primary union goals.

*Sources Of Funds.* A major source of funds is the employer (and indirectly the consumers of the goods or service provided). He may

provide a payoff for protection against work stoppages, damage, or other forms of "injury" that the union and/or organized crime might inflict upon him. Or he may provide payoff for getting assistance to fend off competition from other entrepreneurs.

Both circumstances have arisen in the construction industry, going back at least to the end of the last century. Then the first type of payoff was known as "strike insurance," the union official's assurance to the employer there would be no strikes during the construction of the building or other facility. The second type was also in early use; for example, refusal of union building trade workers to handle material coming into the city or state from outside sources, thus developing a monopoly for suppliers of equipment and material within the protected area.<sup>26</sup>

Union funds are also an abundant source that may be tapped for uses other than those for which the moneys were provided: for example, pension and welfare funds and strike funds. These now run in the billions of dollars.

*The Product Market And Other Aspects Of The Economic Environment*

The single most important condition for union corruption and association with organized crime is the industrial character of the industry and the environment in which it operates. Existence of a local product market for goods and/or services limits operations to a particular location. Such as limits a product to a particular location, such as the site where a new building is to be constructed or a retail store that serves a limited community or area. The supplier of construction workers at the building site and the trucker who delivers merchandise to the retail store both enjoy an advantage in relation to their respective entrepreneurs. The union that controls the construction work or the delivery of merchandise obviously can take advantage of its monopoly. In each case there is no alternative source to the entrepreneur for the service or product.

Transportation and related industries are in the same situation. The power of the Teamsters is due not so much to its size, but to its strategic position, the fact that there are no alternative sources for service. Local cartage has long been an easy prey of organized crime and corruption. Highjacking on the roads indicates another weakness in the nature of the operation, giving access to criminal actions. In the early days of railroading, robberies occurred on the plains giving way ultimately to the higher speed, more effective equipment and control by the railroad employees. All relevant factors must be joined with product market to form a favorable

environment for organized crime's invasion of unions and/or internal corruption within the union.

Absence of essential environmental conditions hampers efforts of organized crime to infiltrate unions. Thus, in most manufacturing industries, which operate in national, sometimes regional, and international markets, little union corruption and organized crime exists. The auto industry is an example. There, the reason is, in part, the nature of the market for the product, the size and character of the corporations, and the essentially democratic character of the union government. Walter Reuther and other UAW officers would not tolerate corruption in the UAW, and the governmental structure of the union provides the underpinning or base for this position.

In his *Corruption and Racketeering in the Labor Movement* Philip Taft describes the economic environment as follows:

In industries where labor racketeering has been "institutionalized," in the sense that it has continued over long periods of time and in a number of local jurisdictions, the common characteristic has been keen competition in their product or service markets. In such industries, with many competing employers, the union occupies a position of strength with respect to the single hirer of labor. The building trades, the trucking industry, sections of the amusement industry, and the distributive and service trades where corruption has been endemic, all have this common characteristic.<sup>27</sup>

"A casual labor force or at least a fairly mobile one" is another condition, according to Taft, who cites building service and trucking trades as examples both have a monopoly and mobility. When Taft notes that in other competitive industries, "such as the book and job printing, metal and machinery manufacturing," racketeering has not gained a foothold, he fails to note that these industries do not have local product markets.<sup>28</sup>

*Attitudes Of Union Members.* A number of assumptions about the relationship of unions to organized crime and corruption are taken for granted. First, union members, generally speaking, oppose corruption. In many undemocratic unions, however, the members are likely to say nothing and do nothing, for fear of reprisal. They are, it must be acknowledged, willing in some situations to accept economic benefits related to corruption.

There is a widely held view that union members (a vague term, in view of the extent of compulsory unionism) are not interested in

whether or not their union is democratic. They are not, it is widely alleged, interested in participating in the election of officers, approving contracts or strikes, or debating the conduct of the local union at meetings. This belief is based usually on the evidence that attendance at union meetings is meager and other participation lacking.

In our opinion, no conclusion could be further from the truth. It is, of course, true that most "members" will not go to union meetings at which nothing significant will happen. They will not campaign aggressively for candidates for office who have little chance of being elected. They will not criticize business agents at union meetings, if the price may be a physical beating or denial of access to the hiring hall. For the large majority of members, fighting for the *right* to participate in union decisions is not their highest priority.

But to conclude from these obvious facts that members do not care what happens to the union and would not take part if they had a meaningful opportunity to do so, is erroneous. We have never had any contact with any unions in which there were not significant numbers of members who would take part if they could do so. Abundant evidence exists, including reports of the Association for Union Democracy and the participation rate in unions with genuinely democratic processes, such as the United Electrical, Radio and Machine Workers of America, The Newspaper Guild, the United Automobile, Aerospace and Agricultural Implement Workers of America, and many others.

The *appearance* of disinterest by union members, particularly attendance at union meetings, is widely exploited by union leadership, many of whom strongly *prefer* minimal participation. A routine dogma of entrenched leaders is that "the members don't give a damn about democracy; they are interested only in wages and benefits, and that's what we give them." One of the most articulate advocates of this view was James Hoffa, who argued against membership participation in collective bargaining. "They don't have to tell me what they want—I *know* what they want—more wages, shorter hours, bigger benefits, and all the rest." In short, the myth of membership indifference to democracy is to a considerable extent a creation of the union hierarchy, who see democracy as the only significant possible challenge to their entrenched positions. This is not said critically, but simply as an

obvious description of the interests of established leadership in any voluntary organization.

Members are often ignorant about what is happening within their union, including illegal or corrupt practices of the leadership. If informed, they might fear the consequences of protesting. Philip Taft touches upon this issue, discussing unions in which officers use the organization for their personal profit, selling the membership out to the employer. He says:

Members . . . may be dominated by fear, by threats, may be too poorly informed, or so lazy and listless that the speculations of the officers remain unchallenged. Unions of this kind are usually close allies of the employer. Great democracy in this type of union might prevent developing the abuses upon which the corrupt labor officer feasts.<sup>29</sup>

Taft continues if "the union officer" was an "effective bargainer," his actions might be regretted but not lead to his being ousted, and adds:

There are instances in the amusement trades and the building construction industry where the national officers sought to defeat local officials charged with or convicted of corruption but failed because the local membership supported the wrongdoer."<sup>30</sup>

Taft does not point out the crucial fact that if the voting was by voice or a standing vote, the members very well refrain from ousting the local official, fearing reprisal.

If, as in the case of the Painters in New York City and elsewhere, the corruption takes the form of forcing employees to violate work rules, which they consider in their own interests, they may revolt. Painters in New York City attempted to fight this form of corruption, along with the customary forms, but were frustrated by the national union's support of local leaders.<sup>31</sup>

*Institutional vs Primary Union Goals.* A related assumption is that the institutional goals of unions, meaning those of officers and paid staff, are not always identical with the interests of members. Robert Michels developed this theme in *Political Parties*:

Thus democracy ends by undergoing transformation into a form of government by the best, into an aristocracy. At once materially and morally, the leaders are those who must be regarded as the most capable and the most mature. Is it not, therefore, their duty as well as their right to put themselves at the head, and to lead not merely as representatives of the party,

but as individuals proudly conscious of their own personal value?<sup>32</sup>

In a chapter entitled "Identification of the Party with the Leader" ("Le Parti C'est Moi") he carries the argument to its conclusion. Applied to union organization, it means the leaders of the union *are* the union.

The bureaucrat identifies himself completely with the organization, confounding his own interests with its interests. All objective criticism . . . is taken by him as a personal affront.

If . . . the leader is attacked personally, his first care is to make it appear that the attack is directed against the party as a whole. When in any organization the oligarchy has attained an advanced stage of development, the leaders begin to identify with themselves not merely the party institutions, but even the party property . . . This view is no more than the ultimate consequence of that oligarchical mode of thought which inevitably leads to a complete forgetfulness of true democratic principles.<sup>33</sup>

William Leiserson, whose posthumous *American Trade Union Democracy*, 1959, is one of the best treatises on union democracy, deals directly with the same issue.<sup>34</sup>

The officials to whose care the institutions of unionism are entrusted tend to value and conserve interests of the organization above those of the individual members. The union must be safeguarded, perpetuated, even at the cost of sacrificing those who happen to be members at any time. The permanent interests of the union often conflict with immediate interests of individuals and groups of members; and the life of officials grows apart from that of the workers they represent.

Leiserson also cites the American Civil Liberties Union's findings: The chief complaints by rank and file members concern lack of opportunity for full participation in the conduct of a union's affairs, tending to the perpetuation in office of entrenched officials; the difficulty of organizing an opposition to the leadership; the lack of adequate machinery for review of expulsions and suspensions; the penalties imposed by varied means on critics of the leadership; the lack of control over expenditures and assessments in many unions . . .

He adds that convention delegates have often been generous in conferring arbitrary authority on national officers through constitutional provisions, noting the "distinct trend toward making the union president's appointing power absolute."<sup>35</sup> He notes that the

typical union has a primitive kind of judicial system that mixes political considerations with trials and decisions. Union constitutions obtain certain vaguely defined offenses as another vehicle for suppressing legitimate criticism.<sup>36</sup>

*The Employer's Role.* Finally, it cannot be overemphasized that employers are not committed to union democracy. To the employer, union democracy, especially employee free choice, appears often to be a destabilizing factor at the work place. The employer's primary concern is to have a stable, uninterrupted economical operation. The ideal union spokesman, from the employer's point of view, is one who can "deliver" a settlement that has been worked out "back stage." Democracy is an unattractive deterrent to this kind of predictability.

Traditionally, most American employers have opposed unionization of their operations: (Exceptions have been in industries where unions acted as a check on cut-throat competition or collaborated to seek mutually advantageous governmental action, i.e., import restrictions.) After the Supreme Court upheld the constitutionality of the National Labor Relations Act in 1937, many employers accepted unions, and the two worked together for the most part. A stabilized workforce and increased productivity became common goals. As part of the accommodation, employers accepted compulsory unionism. They took over for the unions the signing up of new members and collection of dues. In time, the union helped maintain an orderly work arrangement and disposed of complaints and problems through collective bargaining and the grievance procedure.

*Attitude of AFL-CIO.* It was a major objective of the merger of the AFL and CIO in 1955 to eliminate corruption in the affiliated unions. CIO leaders pressed the issue aggressively, and sought strong language in the constitution providing that the Federation and its affiliates should remain free from any and all corrupt influences.<sup>37</sup> An Ethical Practices Committee was established. Its investigations and recommendations led to various actions by the Federation, including the expulsion of the Teamsters and the original Bakery and Confectionery Workers Union. AFL leaders had made an attempt in 1953 to replace the Longshoremen's union with a newly chartered affiliate, but this was unsuccessful.

The effort to eliminate corruption gradually lessened and finally dropped altogether. This issue led the UAW, under Walter Reuther's leadership, to withdraw from the AFL-CIO.

The Ethical Practices Committee has not met in many years. The AFL-CIO's official position is that it does not want to interfere with the autonomy of its affiliates—at least not on *this* issue.

A recent statement, quoted below, indicates the failure or unwillingness of the AFL-CIO to make even an effort to enforce its constitutional provision on union corruption. When asked what he believed is the solution to corruption in his own union, a former national vice president of the Laborer's Union answered:

I would take a phrase of Lane Kirkland, when he testified before a Congressional hearing, that "if the Government cannot clear out corruption in organized labor, how can you expect us to do it?"<sup>38</sup>

Curiously, the AFL-CIO constitution lumps corruption with "the policies of activities of any affiliate . . . consistently directed toward the advocacy, support, advancement or achievement of the program or of the purposes of the Communist Party, any fascist organization or other totalitarian movement."<sup>39</sup> The irony of this position is that some unions that have been under Communist leadership have been and continue to be among the more democratic unions in the country. These include the United Electrical, Radio and Machine Workers of America (UE), the Mine, Mill and Smelter Workers (now part of the Steelworkers), and others.

## II Constitutional Provisions And Practices That Separate Unions Free Of Corruption From Those Afflicted—Democratic v Undemocratic

Although the product market in which a union operates and related factors are the primary conditions for union corruption, democratic government strongly influences the extent to which corruption can infiltrate a union and its relations with management. The essential conditions for union democracy and their application to individual organizations are outlined below.

### *Election Base For Union Officers And Executive Board Members*

Every national union has a set of executive officers plus other officers, who together normally constitute the national executive board or executive council. Although there are variant arrangements and terminology, the national executive body plays a consistent and very important role in the government of the union and its decision-making. As a result, the role of the union convention or legislative body has diminished.

The executive officers—president, executive vice president, and secretary-treasurer or equivalent titles—are always elected at large.

But the additional members of the union executive board may be elected either at large or by district or region. This compares with Congressmen and Senators, who are elected in the American federal government, and comparable offices in the states. An article, published in *Industrial and Labor Relations Review*, April 1979, makes the case for regional elections of national union executive board members (and indirectly for similar treatment of intermediate body and very large local union elections):

The election base is of utmost importance in establishing the presence or absence of genuine political life inside the national union.<sup>1</sup> For that purpose, it matters little whether executive board members are elected by referendum or by delegates to a convention; . . . If board members are elected at large, either by referendum or by convention delegates, it is nearly certain that there will be little effective opposition to national officers from within the union. More specifically, it is almost impossible to mount a significant challenge to an incumbent president within a national union without the participation of key members of the executive board; and such participation in turn depends usually on whether the insurgents can be assured that if their challenge fails, they still have a strong chance of being reelected because they need to capture only their own districts.

It is important to understand that most American unions are governed by an arrangement—at large elections for executive board members—with potentially devastating effects on the organization's internal political life. The great exceptions are the former CIO industrial unions. . . .

\* \* \*

Since unions *are* by definition representative bodies their successful functioning requires the freedom of choice and dispersion of authority that are the hallmarks of all free societies. The regionally based union executive board is one element in establishing that framework for representative union government.

### Role of the Executive Board

The significance of the election base for union executive board members rests upon the large and growing role of executive boards in the government of unions. Unions are constitutional democracies and thus, in principle, their ultimate authority is their convention. Historically, conventions have made and amended constitutions, salaries and expenses, fixed minimum dues and per capita taxes, elected officers, acted on appeals, and

in general established rules and policies for the conduct of the organization. In some unions this practice continues, but in a growing number the convention has become shorter in duration, less frequent, larger,<sup>3</sup> and thus less able to make all these decisions. A typical union convention currently runs for five or six days, perhaps 25 hours of which are devoted to debate on issues of policy and government. Thus, many decisions previously made by direct representatives of the membership are left to the officers.

The typical union constitution delegates enormous legislative authority to the executive board, often without prescribing standards or guidelines. Constitutional rules about the issuance of local or other subordinate body charters, for example, seldom specify more than a simple requirement of minimum membership. But it is in the field of collective bargaining that the delegation of authority to the executive board assumes its largest significance, particularly in industrial unions. Many union constitutions are almost silent about bargaining, specifying conditions only for calling strikes and paying strike benefits or requiring membership ratification of contract terms. They say nothing on the conduct of bargaining—who is to formulate bargaining demands, establish rules of representation for multi-plant units, establish bargaining procedures, choose the union spokesman, decide when a proposed settlement shall be put to a vote, and so on.

\* \* \*

Centralization of collective bargaining authority in the executive board might represent a desire of the members-at-large to secure the benefits of such centralization. The authority of the board goes far beyond this objective, however, because the board is normally able on its own motion to define or redefine the relationship between members and officers—a process often equivalent to legislation. Pension and welfare plans provide an illustration. Decisions about the content and administration of jointly administered industry pension and welfare plans are made by union officers and staff, not by members.<sup>4</sup> These decisions, which deal with complex matters, may not reflect the conflicting interests of different groups within the organization. . . .

\* \* \*

The article details the ways in which conventions have increased the delegation of authority to officers. Their authority includes

control over expenditure of union funds, fixing salaries, and other remuneration of officers, such as allowances, expenses, and pension plans. This delegation is especially important because of the absence of a comptroller function in unions. The executive board is also the union's judiciary body from which appeals may be taken to the convention, but practically speaking, the convention is not able to function in this capacity. The article concludes:

What is relevant to this analysis is that the way in which executive board members are selected is of crucial significance to the internal government of the union. It determines—at least partially—the answers to such questions as: Does the Board member have independent status? Can he differ openly with his colleagues if his convictions suggest to him that he ought to do so? Does the executive board publish minutes of its meetings? Will minority reports be filed and made available to the members? Will a critic of an incumbent executive board member have a reasonable opportunity to run in opposition, and will he have a record upon which to base his campaign? The importance of executive boards in the government of the union makes the answer to these questions crucial.<sup>40</sup>

An example of the impact of having executive board members elected by district or region can be seen in the Steelworkers union, which has experienced an exceptional amount of internal political activity. David McDonald's ouster as president by I. W. Abel in 1965 was possible because several District Directors decided to organize a slate of candidates opposed to the administration. Absent regional elections, it is very unlikely that those Directors would have opposed the McDonald Administration.<sup>41</sup> The Steelworkers have found other means of reducing opposition to the national administration. (See page 32)

The following tabulation<sup>42</sup> shows unions by industrial group, according to the election base for executive board members. The tabulation does not disclose whether the board members are full-time employees of the national union, appointed at the discretion of the president and/or executive board, or prohibited from such employment by the constitution. Ideally, a board member should be full-time if he is to be familiar on a day-to-day basis with events in his area of responsibility. From his point of view, his employment usually means a very high salary, many perks and an attractive job, which he dearly desires to perpetuate with the help and support of his fellow officers. Here

one sees the emergence of the self-perpetuating oligarchy described in the writings of Robert Michels and others.

AMERICAN UNIONS CLASSIFIED BY INDUSTRIAL GROUP AND ELECTION BASE for Election of Majority of Union's Executive Board Members

*At-large* denotes essentially undemocratic structure; *By geographic districts*, relatively democratic, but unless boundaries are fixed in constitution, they may be manipulated by officers

UNION	ELECTION BASE	UNION	ELECTION BASE
<i>Construction</i>		<i>Manufacturing</i>	
Bricklayers	(At-large)	Primary metal	
Carpenters	"	Boilermakers	(At-large)
Iron Workers	"	Molders	"
Laborers	"	Aluminum	"
Operating Engineers	"	Steelworkers	District
Painters	"	<i>Transportation equipment and machinery</i>	
Plasterers	"	Machinists IAM	(At-large)
Plumbers	"	Auto Workers UAW	(District)
Sheet Metal Workers	"	Allied Industrial Workers	"
		Electrical Workers IBEW	"
<i>Transportation</i>		Electrical Workers IUE	"
Teamsters	(At-large)	Electrical Workers UE	"
Longshoremen ILA	"	<i>Textiles, clothing</i>	
Transit Workers	"	Clothing & Textile	(At-large)
Transport Workers	"	Textile Workers	"
Transportation UTU	"	Ladies Garment ILGWU	"
Railway Carmen	"	<i>Petrochemical, rubber</i>	
Firemen & Oilers	"	Rubber Workers	(At-large)
Railway Clerks	"	Chemical Workers	"
Seafarers	"	Oil, Chemical OCAW	(District)
Maritime Union	"	<i>Lumber, wood products</i>	
Longshore/Warehouse	(District)	Upholsterers	(At-large)
Pilots	"	Woodworkers	(District)
Maintenance of Way	"	Paperworkers UPIU	
		<i>Printing, publishing</i>	
<i>Trade and Service</i>		Typographical	(At-large)
Hotel, Restaurant HERE	(At-large)	Newspaper Guild	"
Service Employees	"	Graphic Communications	(District)
Food and Commercial	"	<i>Other manufacturing</i>	
Office and Professional	"	Glass, Pottery	(At-large)
Retail, Wholesale	(District)	Bakery, Tobacco	(District)
<i>Entertainment</i>		<i>Government, Education</i>	
Musicians	(At-large)	Postal Workers	(At-large)
Theatrical, Stage IATSE	"	Teachers	"
Television, Radio AFTRA	(District)	Fire Fighters	(District)
Screen Actors	"	Government Employees	"
		Federal Employees NFFE	"
<i>Mining, Utilities</i>		Letter Carriers	"
Utility Workers	(At-large)	State, County AFSCME	"
Mine Workers	(District)		
Communications CWA	"		

The unions that have executive board members elected by geographic district may be further subdivided into those with district boundaries fixed in the constitution, and those with boundaries that may be changed by the president and/or executive board. The latter provision introduces an element of uncertainty, since the Executive Board may manipulate district boundaries. The Steelworkers, for example, permit the members of the board to fix boundaries, combine districts and decide which District Director remains in office.<sup>43</sup> A few other unions permit boundaries to be changed by someone other than the convention delegates. This provision may weaken the independence of the individual board members.

Generally speaking, unions previously affiliated with the American Federation of Labor elect their executive boards at large; and unions formed under the aegis of the CIO elect by district. In the early years membership of AFL affiliates tended to be relatively small and concentrated geographically; undemocratic aspects of structure of AFL unions emerged only later. Meanwhile, the incumbent officers came to understand the advantages of the at-large system. They were able to perpetuate themselves and determine who would take over upon the resignation or retirement of incumbents.

Three industrial classifications show an overwhelming preponderance of unions with executive boards at large: *construction, transportation, and trade and service*. In these industries the unions are predominantly undemocratic in structure and function.<sup>44</sup> The "Big Four" are found in these industries: *Laborers, Teamster, Longshoremen (ILA), and Hotel Employees and Restaurant Employees*.

Of the four unions in the entertainment industry two elect their officers at large; the other two elect by area or region. The unions that elect at large are old AFL organizations, the Musicians<sup>45</sup> and the Theatrical Stage Employees and Moving Picture Machine Operators. The latter organization has in the past been involved in various forms of racketeering.

The undemocratic method of electing officers at large is reinforced by the way vacancies in office are filled. Almost without exception unions that elect their officers at large provide in their constitutions that the president and/or executive board appoint the new officer; sometimes if the vacancy occurs in the position of president, the vacancy is filled automatically by the executive vice president or by the senior vice president. Garth Mangum describes this self-perpetuating character of the executive board in *The Operating Engineers*:

*The election of general officers.* General office vacancies occurring between conventions are filled through appointment by the general executive board. Since general officers are, in fact, ordinarily reelected term after term for life or until retirement, neither of which are likely to coincide with convention timing, the board is self-perpetuating for all practical purposes. The only time a new officer is elected at a convention is when the incumbent has become undesirable to the administration or a new office is added.<sup>46</sup>

In contrast with this arrangement, unions that elect officers or executive board members by region or district normally provide in their constitutions for filling vacancies by vote of the members in the region or district. The elections are held either at a convention organized for the purpose or by referendum vote. Some unions fill executive positions by calling a special convention at which delegates may vote, or make other provisions, such as advancing an executive vice president or secretary-treasurer to the presidency or for selection by the executive board.

In the UAW, vacancies in "at-large" positions are filled by the executive board; district elections are held for others. In the Allied Industrial Workers, a special convention is held to select a president between conventions; regional elections are held to fill any vacancies in the membership of the executive board. The United Electrical, Radio and Machine Workers of America (UE) and International Union of Electronic, Electrical, Technical, Salaried and Machine Workers (IUE) have procedures similar to the UAW; at-large position vacancies are filled from the board's members. But in the other two unions, which are classified industrially with the above four, officers are elected at large, and vacancies in office are filled as follows: In the Electrical Workers (IBEW) the executive council fills any vacancy in the presidency, and the president fills all other vacancies; in the Machinists (IAM)

the executive council fills all vacancies. Until 1965 there had been a referendum ballot for this purpose.

In the nine leading construction unions, vacancies in office are filled either by the executive board or the president as outlined below:

Executive board fills all vacancies—Laborers, Operating Engineers, and Painters

Vacancies other than president filled by:

President—Bricklayers, Sheet Metal Workers, and Plasterers

President with approval of executive board—Carpenters, Plumbers, Iron Workers

Vacancies in the presidency filled as follows:

First vice president moves up—Carpenters

Progression of board or council—Bricklayers

By executive board—Laborers, Operating Engineers, Painters, Sheet Metal Workers, Plumbers, Plasterers

By executive council—Iron Workers; if they fail to agree within 30 days, secretary (acting president) sends out call for special convention to elect new president<sup>47</sup>

In the two entertainment unions that elect all their officers at large, vacancies in office are filled by the executive board.<sup>48</sup>

The procedures used in a union's election add another dimension to the subject. There are arguments in favor of conducting elections at the convention or by referendum ballot. However, organizing an opposition for one or more national officers would be extremely difficult, if not impossible, in unions that elect their officers entirely at large. Whichever way the election is conducted, if a plurality vote instead of a majority vote is determinative, the election is not democratic in the sense of representing the wishes of the majority. Six of the nine major construction unions require only a plurality vote.

A case can be made that local unions and district councils, especially in the construction industry and in some trade and service industries, are also run undemocratically. Many of these subordinate bodies are large territorially speaking, in terms of membership. As the parent organizations, they elect all officers at large. Frequently provisions in construction union constitutions permit local executive officers, including business agents, to be convention delegates by virtue of their offices. This limits the extent to which rank and file members can expect to attend conventions and take part in decision making. To the extent these officers,

especially the business agent, serve for many terms and are able to defeat contenders for office, they will represent their institutional interests at a convention and not necessarily the interests of the members.

Robert A. Christie, in *Empire in Wood*, 1956, describes the relationship of the business agents in the Carpenter's Union to the rest of the organization, especially at the convention:

Power within the union flows in a circle which can best be stepped into during a convention. The general president appoints all members of the powerful convention committees. If rebels should manage to push an antiadministration measure around one of these committees and onto the floor, the general president has the right to silence them with a rap of his gavel. When the convention is over, he appoints the general representatives through whom he influences all district councils. District councils are ruled by a junta of officers whose election is engineered by the business agents, the basis of whose power has already been discussed. The business agents, although elected by local union members, rarely fall from grace. Power to dole out jobs and to call strikes all but guarantees tenure. The business agents, the officers of the district council, and the international representatives pick the convention delegates on the basis of their general tractability.<sup>c</sup> And, in his turn, the general president has all of his powers quadrennially refreshed.

Many a delegate who has acted properly while a convention delegate has later been chosen business agent, if he was not one already. From there he moved up to a district council office; then to an appointment as a general representative; and, finally, into the general offices in Indianapolis as an executive board member or a vice-president. On each level fewer persons share more power. Finally, at the top, the general president is encountered, alone.

This whole organizational structure is based upon the mass of business agents who support everything above them: the district councils, the executive board, and the general officers. Every general officer is a graduate business agent. The position of business agent is a training school for the national officers of the union. The business agents get their power from two sources: from the contractors who are vulnerable to them on all the counts already listed and for whom they provide all the services already listed, and from the carpenters whom they keep

employed and whose working conditions they maintain and protect. . . .

If the carpenters want to end this tight national control, they have only to vote all of the business agents—who alone possess direct economic power—out of office. The rest of the machine would then crumble for lack of economic footing. . . .<sup>49</sup>

Local unions in the retail trade have some of the same characteristics as building trade locals. For example, Local 400 of the United Food and Commercial Workers International Union (1979 constitution) has a membership in excess of 28,000. The geographic jurisdiction of the local stretches from Annapolis, Maryland, almost to Richmond, Virginia, and west beyond Culpepper, Virginia. It includes the District of Columbia as well as suburban Maryland and Virginia.

The officers of the local union include a president, executive vice president, secretary-treasurer, recorder, and one vice president for each 1,000 members, signifying a large executive board.<sup>50</sup> All officers are elected at large. The Bylaws require that there be regular membership meetings, not less than every calendar quarter, a single meeting for all members (Underscoring added). Special meetings may be held, and meetings of a portion of the membership may vote on collective bargaining agreements which affect that part of the membership.<sup>51</sup>

#### *The Union Convention*

As noted earlier, the ultimate authority in all American unions is the national union convention. This is described as the legislature and supreme court of the organization, but few union conventions can function effectively for these purposes. They meet too infrequently, for too short a period, to permit the deliberative action necessary for legislating or making judicial decisions. In addition, the number of delegates is too large to permit such action. Roughly speaking the unions that have the more democratic structures tend to have *relatively* frequent conventions—every year or two, occasionally three. The unions that are on the whole less democratic have conventions every four or five years, occasionally three. The following chart lists each group of unions according to industry group and frequency of convention.



Of the nine leading unions in the construction industry, seven have conventions every five years, two every four years. Of the 14 unions in the transportation industry—including motor, rail, marine, and air—eight hold conventions every four or five years, one every three years. The Pilots, West Coast Longshoremen, and Transit Union have conventions every two years.

Conventions are held infrequently in trade and service unions. The three largest unions—Hotel and Restaurant, Food and Commercial, and Service Employees—have conventions every four or five years. The smaller union, Retail, Wholesale Workers has a four-year interval, and the Office and Professional Employees has a three-year interval.

In recent years union mergers have increased in number. In most cases the architects of merger, the union officers, adopt the less frequent interval, if there are differences in the constitutions of the merging unions.

Aside from frequency and duration, there are other reasons why conventions may not function democratically, in a sense of being guided by the choices and interests of the delegates. The serious work of the convention is done by committees. These are almost universally appointed by the national president, sometimes with approval of the executive board, occasionally by the board itself. Most committee chairmen are selected or appointed by the president. As a result, the committees tend to make only decisions consistent with the desires of the national officers, especially if those officers chair the committees.

A few exceptions appear among the most democratic unions. In the United Electrical, Radio and Machine Workers of America (UE) and International Union of Electronic, Electrical, Technical, Salaried and Machine Workers (IUE)—except for the credentials committee (executive board in UE and national trustees in IUE), committees are appointed by the executive boards (both of which are elected by district and exercise considerable control over the president). Appointments are ratified by the delegates, who may add members. Furthermore, the committees elect their own chairmen and secretaries. In both the UAW and Allied Industrial Workers, committees are named by the executive boards, which are elected by district, with considerable authority and control over the president.

When conventions are large and infrequent, the possibility of deliberative action by convention delegates is further reduced. Of the nine construction unions tabulated earlier, all but one had more than 600 delegates at their most recent conventions, compared with 435 members of the U.S. House of Representatives. Five of these unions had over a thousand delegates—Plumbers, Carpenters, Laborers, and Iron Workers (meeting in 1981) and Painters (in 1979). The Teamsters' convention in 1981 was attended by 2,221 delegates, 445 alternate delegates, and 4,436 guests. The Laborers' 1981 convention had 2,365 delegates.<sup>52</sup>

#### *Offenses Against The Union And Disciplinary Action*

Disciplinary procedures within the union are also of vital importance. In recent years, under the impact of the Landrum-Griffin Act, unions have modified their constitutions to provide due process. But there are still obstacles to freedom of expression, including ambiguous language describing offenses against which disciplinary action. The identification of offenses should be reasonable, unambiguous, and clear.

As noted by Seidman, these are serious restraints on the exercise of political freedom with unions, and danger that the disciplinary

machinery will be used to punish opponents of the administration.<sup>53</sup> He cites a case involving the Teamsters in Portland, Oregon, where a member of the local union circulated a petition urging removal from the office of any official found guilty of racketeering or misusing funds. He faced charges, leading to expulsion, for having violated a constitutional provision against "harming a brother without proof."<sup>54</sup> Seidman contrasts the views of two students of union disciplinary procedures: Philip Taft, who wrote in favor of the existing machinery and Clyde Summers, who finds the entire area of union discipline vague and uncertain, with the most dangerous aspect "the political one."<sup>55</sup>

Summers made the following observation in his article, "Democracy in a One-Party State: Perspectives from Landrum-Griffin,"

The attitude that opposition constitutes disloyalty is often expressed in union constitutional provisions that subject members to discipline for "disloyalty," "undermining the union," "slandering union officers," organizing "factions" or "caucuses," or "discussing union business outside of union meetings." This attitude is commonly shared by many union members who are inculcated with narrow notions of loyalty.<sup>56</sup>

*Other Aspects Of Democratic Governments.* Herman Benson of the Association for Union Democracy has listed a number of practices that mark the construction unions as essentially undemocratic:<sup>57</sup>

Blacklisting of skilled, qualified workers by companies on the basis of instructions from union officials

Absence of seniority protection, especially in job assignments through the union "hiring hall"

Absence of secret ballot elections

Absence of ratification vote by members on new terms of collective bargaining agreements

Prohibiting candidates for union office from securing funds to finance their candidacy, despite the great financial advantages that incumbent officers enjoy

Some of these practices are not confined to the construction unions.

The last item is of the recent origin. It became a serious issue when the Steelworkers adopted a constitutional revision, banning any "outside" contributions to union election campaigns to protect administration-backed candidates against insurgent electoral challenges.<sup>58</sup> In a 5-4 decision written by Justice Thurgood Marshall, the U.S. Supreme Court upheld the Steelworker's action. Shortly

thereafter two other unions adopted similar provisions: the International Brotherhood of Electrical Workers and the Service Employees. Others are likely to follow.

Long before union officer's salaries and allowances reached the current high levels Seidman stated that officer's salaries should not be too far above the earnings of the trade.<sup>59</sup> Changes in union constitution provisions for minimum dues, per capita tax, and officer's salaries and expenses have revolutionized the financial position of unions at the price of removing significant and important decisions from the membership.

*The "Big Four"*

As mentioned earlier, the four international unions identified by the President's Commission on Organized Crime as being the focus of union corruption and association with organized crime today have constitutions that provide for essentially undemocratic internal government. Two of the unions—Laborers and Hotel and Restaurant Workers—operate in local product market industries. The other two are associated with transportation. Both categories are industrial environments that permit corruption and undemocratic behavior. Additional cases of corruption can probably be found among other construction unions, in addition to the Laborers. The same might be said of other unions in retail and wholesale trade; the historical record of the Hotel/Restaurant Workers suggests that corruption is nothing new to this organization.<sup>60</sup>

Corruption in the Teamsters Union antedated the current experience, but was accelerated by Jimmy Hoffa, as indicated earlier. Corruption on the docks has its own history.

All four unions have the first essential requirement for an undemocratic organization: election of all officers at large, thus assuring the development of a self-perpetuating oligarchy. The national officers of the four unions are listed below. (For each organization, the constitution used is footnoted and applies to subsequent discussion.)

*Teamsters*—President, Secretary-Treasurer, 16 Vice Presidents-International Representatives, and three Trustees-International Representatives<sup>61</sup>

*Laborers*—President, Secretary-Treasurer, ten Vice Presidents<sup>62</sup>  
*Hotel Employees and Restaurant Employees*—President, Secretary-Treasurer, Vice President, Director of Organization, 14 District Vice Presidents and five Vice Presidents at large.<sup>63</sup> Inclusion of the word "District" should not mislead the reader; elections are

at large, but there is a residence requirement for the 14.

*International Longshoremen's Association*—President, Secretary-Treasurer, Executive Vice President, General Organizer, Assistant General Organizer, and 26 Vice Presidents.<sup>64</sup>

In all four unions the officers as enumerated above constitute the executive board (called council in the ILA).

In the last three unions the executive board fills all vacancies in office. In the Teamsters the president fills vacancies with board approval. If his office is vacant, the Secretary-Treasurer takes over temporarily until the executive board appoints a new president from among its own members.

All four unions elect their national officers by roll call vote. Since there are no contests, the election is by acclamation. The Teamsters and Laborers require only a plurality vote for election; the ILR and Hotel/Restaurant Workers require majority vote. (Plurality elections are common among construction unions.)

All four unions hold infrequent conventions as noted earlier, ILA at four-year intervals, and the other three five-year intervals.

In almost all unions, the executive board (or equivalent body) has overriding authority within the union between conventions. For the Big Four the language varies:

*Teamsters*—The board has full power to decide all questions of interpretation and application of the Constitution between Conventions. It has governing authority over the International Union and its subordinate bodies, to uphold the laws and policies of the union; also authority not otherwise delegated to the president and secretary-treasurer.

*Laborers*—The board has authority and control over all of the executive and judicial powers of the International Union. It may exercise legislative power when, in its judgment, the exercise of such power is deemed necessary, proper and appropriate in an emergency. It may exercise this power for the purpose of new legislation or to amend the Constitution of the International Union or the Uniform Constitutions of affiliated Local Unions and District Councils. The constitution permits further assumptions of authority, broadly defined.

*Hotel Employees and Restaurant Employees*—The General Executive Board shall act as Trustees for, shall have all authority of the International Union, and shall exercise general supervision over the International Union, its property and all its subordinate bodies and members between Conventions.

*International Longshoremen's Association*—When the Convention is not in session, all executive, legislative and judiciary powers are “vested in the Executive Council; when the Executive Council is not in session they shall be vested in the International Executive Officers.”

In addition to this overriding authority of the executive boards, they and the president, jointly and separately, have substantial delegations of authority, covering all major issues in union government. The Hotel and Restaurant Employees Union is fairly typical of the four.

The president has very broad delegations of authority. He decides all questions of law and interprets the constitution, deciding controversies among subordinate bodies, members, or delegates. Here his decision is final, unless specifically provided elsewhere in the constitution.

He has broad supervisory authority over all national officers, local unions, joint boards, joint councils, and the many assistants he is authorized to appoint and may terminate. With the board's approval he may suspend charters or officers of subordinate bodies. He may merge local unions or other subordinate bodies, appoint, assign and terminate international organizers, and fix salaries and other remuneration of appointed assistants.

The president's disciplinary authority is also extensive. He may appoint a trustee to take control of the affairs of a subordinate body when, in his opinion, it is necessary. He appoints and supervises the trustee; the trusteeship may not exceed 18 months, unless the board approves the extension. He handles all appeals against decisions of election committees, and his decision is final. He has emergency power to conduct trials when charges indicate serious danger to the subordinate body involved, and he may assume jurisdiction, even if charges are pending and a trial has begun. His assumption of jurisdiction terminates the subordinate body's proceedings. He has additional authority in the disciplinary process.

He has substantial authority in collective bargaining. He may negotiate agreements with motion picture studios, location work and road show employment companies; food, beverage and housekeeping employers in fairs, amusement and recreation areas, sports facilities, convention halls and similar activities. He may negotiate national agreements with national hotel or motel chains, restaurants, drug stores, railroad or airline companies or any other employer or group of employers. These agreements are binding on

affected local unions. He is authorized to supervise and enforce such agreements or delegate authority both to negotiate and administer such agreements working under this direction.

Finally, he is authorized to make political contributions.

The executive board—all the officers elected at large—also has important delegations of authority. Perhaps its most intriguing delegation is the following:

The International Union is authorized to pay all the expenses for investigating services, employment of all counsel and other necessary expenditures in any cause, matter, case or cases where an officer, representative, employee, agent, or one charged with acting on behalf of the International Union and/or its affiliates is charged with any violation or violations of any law or is sued in any civil actions (1) if a majority of the General Executive Board in its sole discretion determines that said charges or lawsuits are (a) unfounded, or (b) are politically motivated, or (c) were filed in bad faith in an attempt to embarrass or destroy the Union or the Union officer or representative, or (2) if a majority of the General Executive Board in its sole discretion determines that the expenditures should be made.

It is interesting that identical language appears in the constitution of the Teamsters Union.

Other delegations to the executive board mostly affect money matters. The board fixes expenses, allowances and other remuneration of officers. It approves the remuneration of committee members, as determined by the secretary-treasurer, and also approves his selection of international auditors. It selects the CPA to make an annual audit of international financial records. Each year it selects from the nominees, submitted by the local unions, the three persons to be the international auditing committee.

The board may increase minimum monthly dues and per capita tax; the dues increase is limited to 50 cents per month. The board is authorized to make a variety of financial decisions—the purchase, lease, or sale of real estate, the investment of funds in various forms, making loans, direct or indirect, to individuals, locals, or organizations “as are lawful and not inconsistent with the constitution, with repayment as the Board deems appropriate.”

Two other unusual provisions of the constitution merit attention:

The secretary-treasurer who edits the official journal (under the president's supervision) may edit, censor, or reject articles or letters submitted by local unions for publication.

The constitution states the union objective of a single welfare fund and a single pension fund; the president is authorized to establish such funds with the board's approval and provides for the merging of subordinate body funds with the international funds.

The Report *Hotel Employees & Restaurant Employees International Union*, by the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs of the United States Senate, 1984, covers this subject in detail. In 1979 the Permanent Subcommittee under the leadership of Senator Nunn, noted:

Few things are more important to the well being and financial security of the millions of labor union members and their families . . . than the proper administration of their employee welfare as well as pension plans.

The Report added:

The attempted control of these plans with HEREIU, and of the enormous sums of money which they can accumulate, has been another dominant characteristic of Ed Hanley's presidency.<sup>65</sup>

The constitutional provisions for delegation of authority in the three other unions do not differ markedly from those found in the Hotel/Restaurant Employees constitution, with a few exceptions. It is clear from a study of the documents that the leadership of the unions know exactly what they are doing—consistently reinforcing the constitution to eliminate all possibility of challenge or dissent.

In the Laborers' Constitution (1981) both the president and the executive board have substantial delegations of authority. The board has control over all executive and judicial powers of the union, subject review by the convention. It is given specific authority to "exercise legislative power," as deemed necessary, proper and appropriate in an emergency. It may promulgate rules and regulations necessary to implement and carry out the intent of the constitution. An even broader grant of authority is "the power to take such action as in its opinion it may deem beneficial or necessary to carry out the objects and purposes of this organization."

The constitution authorizes the board to review the president's interpretations of the constitution, as well as all executive and judicial functions and acts of all national officers. It has several responsibilities related to finances: it may levy assessments, make expenditures, a delegation shared with the president and secretary-treasurer; it may regulate withdrawal of union funds by the two

above officers; and it may authorize the purchase and sale of property and establish investment policy.

The board is responsible for establishing regional offices and departments, which operate under the supervision of the president who appoints regional staff and department staff.

The board issues charters to subordinate bodies, specifying territorial and craft jurisdiction, authority paralleling that of the president and secretary-treasurer; the board also may revoke, consolidate or amalgamate charters.

The board exercises all judicial authority between conventions. The same authority may be delegated by the president to one or more of the Board's members.

The board may authorize the president and secretary-treasurer to enter into national and regional agreements with employers and associations and may review the president's enforcement of such agreements. It is authorized to publish the official journal.

The president and executive board share responsibility for disciplinary action in the manner and under procedures traditional and common among construction unions.

There is, therefore, considerable overlapping of authority between president and board. As chief executive officer, the president has administrative and judicial authority over affairs and business of the international union, but is subject to the board's review. The president assigns duties to the vice presidents, as may the board. He appoints staff, fixes salaries and compensation, and directs the activities of the departments and offices of the union. He retains the services of a general counsel and associate, fixes their salaries, and supervises them, subject to board approval. The general counsel "may receive such other compensation, allowances and expenses as the General President deems fitting and proper."

The stories for the Teamsters and the Longshoremens are not substantially different. In both organizations the president and the board members have very substantial delegations of authority and commonality of interest that makes them self-perpetuating oligarchies. In all unions the salaries and perks are high.

### III Recommended Changes In Union Government To Promote Democratic Procedures and Reduce Union Corruption and Association with Organized Crime

#### *The Public Interest*

As early as 1945 the Twentieth Century Fund in its publication, *Trends in Collective Bargaining*, declared:

The unions cannot claim public protection under the Wagner Act, and similar legislation, and in the same breath deny that the public has no legitimate concern with the way they are run. Unions are no longer strictly private, voluntary association which a worker may or may not join. They have become semipublic, sometimes compulsory bodies. Their operations in the civil and economic spheres is unequivocally "affected with a public interest," quite as much as the sale of stocks and bonds now regulated by the Securities and Exchange Commission.<sup>66</sup>

Checking misbehavior by union officials is complicated by decisions of the NLRB and courts that limit freedom of choice and by the AFL-CIO's ban on rival unionism. Although the AFL-CIO takes a strong position that its affiliates are autonomous organizations and it should not interfere with alleged corruption, the Federation has no hesitation about interfering with rival unionism. Raiding is prohibited by its constitution, which also provides machinery for settling internal disputes.<sup>67</sup>

It has become very difficult for employees in bargaining units to change union representatives or decertify incumbents. Even more seriously, the vast majority of organized employers will discharge employees who do not pay union dues, thus depriving them of that ultimate recourse—the right to "vote with their feet." The removal of that pressure from union leadership has had enormous effects.

In broad terms, what is needed is a system of checks and balances without unions. This would permit opposing points of view to be set forth and discussed, along the lines of the democratic practices of the United States. Some of these objectives could be achieved through revisions of the Landrum-Griffin Act.

#### *Landrum-Griffin Revisions*

Congress designed the Labor-Management Reporting and Disclosure Act of 1959 (Landrum-Griffin) to increase the amount of democracy in American unions, but both the limitations of the law and the manner in which it is administered have been insufficient to achieve this objective. A number of writers have suggested changes in election procedures and administration of the law to increase democracy in unions. Recognizing that most national union officers are able to perpetuate themselves in office, despite the law and the desires of the members, critics emphasize that the officers have control over information, the support of their staff, access to the official publication, and other advantages.<sup>68</sup> The proposed changes in the law have merit, but an injection of the

democratic procedures used for election of U.S. Congressmen and Senators would make a much more significant contribution toward democratic government of unions. The following suggested changes could be embodied in a revised Landrum-Griffin law:

*The Election Base for Union Executive Board Members.* The most important change concerns the manner in which the union executive board is elected. As discussed earlier (pages 18-20), the executive board is almost universally the highest authority in the organization between conventions and has broad delegations of authority. Therefore, at least three-fourths of the number of members on the board should be elected by geographic constituencies *which are identified in the union constitution*. For reasons explained earlier, the board would thus be made up of members responsible to their constituencies, and not dependent upon the president and the rest of the board for their election and re-election to office.

The election could be by delegates to a convention or by a referendum. All delegates or members could vote for the executive officers, but confine votes for regional board members to delegates or members within the region. A majority vote should be required, since the use of plurality means that the elected officers are not representing a real majority. If elections are conducted at the convention, the delegates should have the right to a secret ballot, if they wish.

Vacancies in office, especially of regionally elected board members, should be filled by new elections, unless the next convention occurs within a short period, defined in the constitution.

The introduction of regional elections changes the internal, political life of the union. It promotes discussion, airs differences of opinion, and stimulates members to take part in discussing all major issues that arise and must be decided.

*Frequency of Elections and Conventions.* Instead of permitting unions to elect national officers as infrequently as every five years, according to the present language of Landrum-Griffin, the interval should be reduced to three years. This provision should specifically indicate that conventions must be held at least every three years. The added expense might require unions to change their choice of convention locations to less expensive facilities and reduce convention size.

*Size of Conventions.* If Union conventions are to be deliberative bodies in the tradition of American democratic government, the number of delegates must be reduced to encourage maximum

discussion. This change may require periodic re-adjustments in the electoral units of the organization, just as changes are made in Congressional districts each ten years.

*Ratification of Collective Bargaining Agreements.* Another requirement of democratic unionism is that the members who are affected by a collective bargaining agreement have a clear role in accepting or rejecting proposed terms of the agreement. Many unions already provide for such ratification in their constitutions, but others do not. This provision is complex, especially where multiplants or multilocations are involved under one agreement. When authority to accept or reject final settlements is delegated to officers or bargaining committees, affected members should clearly voluntarily surrender this responsibility. Delegation should always be subject to withdrawal, if a majority of the affected members prefer to discontinue it.

*Changes in Title IV—Elections.* A number of changes are needed in this part of the Landrum-Griffin law. First, non-incumbent candidates for office should have earlier access to the names and addresses of union members than is presently available. To counter-balance the many advantages enjoyed by incumbent officers, the lists might be duplicated or placed in envelopes and made available to opposition candidates free of charge.

Provision 402(c) of Landrum-Griffin dealing with contested elections should also be revised. It now says that if the court finds that the violation of section 401 "may have affected the outcome of an election," it shall declare the election void and direct the conduct of a new election. The issue is well stated by Clyde W. Summers in his article, "Democracy in a One-Party State: Perspectives from Landrum-Griffin."<sup>9</sup>

Explicit recognition that an important function of union elections is to measure discontent would give the statutory words, "may have affected the outcome," a different meaning. A re-elected incumbent's response will be quite different if the opposition polls thirty-five percent of the vote instead of twenty percent. If the violation significantly reduces the opposition's vote, then it affects the impact or "outcome" of the election even though the opposition would have lost in any event. In such a case, the purpose of the election can be fully served only by a rerun which will more reliably measure the level of discontent. Neither the Secretary of Labor nor the courts, however, has yet been willing to read the word "outcome" in the context of an election in a

one-party system, but instead have read it in the prosaic context of a two-party election, in which the contestants have relatively equal chances of winning.

Section 402(c) should be amended, to read as follows:

(c) If, upon a preponderance of the evidence after a trial upon the merits, the court finds that any provision of Sec. 401 has been violated, the court shall declare the election, if any, to be void and direct the conduct of a new election . . . (as written) thus eliminating entirely 402(c)(1) and (2).

Finally, a provision should be added to this section of the law, specifically *permitting* "outside" contributions to campaigns for election to union office. The Supreme Court decision on this issue (United Steelworkers v. Sadlowski) would be set aside. Perhaps the candidate should be required to report to the Department of Labor, Labor Management Systems Administration, any single contributions above a given amount, such as \$500.

*Financial Reporting.* Changes are also needed in the financial reports that the federal government requires unions to prepare and submit. The categories covering revenue and expenditures should be redefined, preferably by objective students of labor organizations, with participation by union officials. It should be possible for the average reader to understand the forms, to comprehend exactly how money is spent and to know the sources of union funds. Detailed schedules of money paid to officers and staff who earn at least \$10,000 per annum should be attached. Most important, the detailed data should be easily available to any member of a union interested in the content. Each local union might be required to post each year's report, page by page, schedule by schedule. Even better, copies could be distributed to members who request them.

Unions are not required by law to circulate or distribute the present LM-2 financial reports to their subordinate bodies and their membership. Instead, they frequently print the balance sheets produced by certified public accountants, showing none of the detail that would interest and be understood by the members. The typical CPA report is important in corporate finance, but it means little to members of unions.

*Administrative Change.* While it is clearly outside the scope of this paper, consideration should be given to reassigning authority for the enforcement of the Labor Management Reporting and Disclosure Act (Landrum-Griffin). It seems unlikely that any Secretary of Labor will find it easy to maintain an objective position toward

enforcement of the law, while he also has the important responsibility of representing the White House in its relations with union leaders.

*Conclusion*

If the essential conditions were established, democratic procedures could function as follows:

1 Suspicion of corruption could be discussed openly at union conventions and in local meetings; Questions could be asked and motive established.

2 Individual members could run for office on an anticorruption platform, instead of being inhibited by the possibility of disciplinary action.

3 Opposition groups could be organized to press for reform and undertake such activities as publishing a newsletter.

4 Dissatisfied members could seek a decertification or a deauthorization election.

5 Perhaps most important, the possibilities of all these actions might inhibit the incumbent officers from engaging in corrupt practices or associating with organized crime.

It is not suggested here that changes in the law affecting union government will completely eliminate corruption in unions or their relationship to organized crime. Much depends upon competent and energetic law enforcement.<sup>70</sup> But there is every reason to believe that union members would strongly support more democracy and less corruption. The systematic encouragement of union democracy is not only desirable - it is imperative.

*Footnotes*

<sup>1</sup> Royal E. Montgomery, *Industrial Relations in the Chicago Building Trades* (1927), page 19-21.

<sup>2</sup> *Ibid.* page 210, quoted from Final Report of the Dailey Commission, pp. 45, 46.

<sup>3</sup> *Ibid.* page 21.

<sup>4</sup> President's Commission on Organized Crime, *Labor Racketeering Hearing*, Chicago, Illinois, April 22, 1985, pages 6-7.

<sup>5</sup> Lester Velie, *Desperate Bargain - Why Jimmy Hoffa Had to Die* (1977), pages 59-60.

<sup>6</sup> President's Commission on Organized Crime, *op. cit.* pages 19-20.

<sup>7</sup> *Ibid.* pages 493-517.

<sup>8</sup> *Ibid.* pages 70-78.

<sup>9</sup> *Ibid.* page 75.

<sup>10</sup> *Ibid.* page 72.

<sup>11</sup> *Ibid.* page 73.

<sup>12</sup> *Ibid.* page 74.

<sup>13</sup> *Ibid.* page 87.

<sup>14</sup> *Ibid.* pages 176-220.

<sup>15</sup> *Ibid.* page 176.

<sup>16</sup> *Ibid.* page 177.

<sup>17</sup> *Ibid.* page 194.

<sup>18</sup> *Ibid.* page 205.

<sup>19</sup> Joel Seidman, *Democracy in the Labor Movement* (1969) pages 26-27.

<sup>20</sup> President's Commission on Organized Crime, *op. cit.* pages 361-372.

<sup>21</sup> *Ibid.* pages 377-378.

<sup>22</sup> *Ibid.* page 381.

<sup>23</sup> Jonathan Kwitny, *Vicious Circles - The Mafia in the Marketplace* (1979) The full account appears as Part Nine: The Corporation - The Anatomy of a Bribe, pages 249-403.

<sup>24</sup> Morris A. Horowitz, *The Structure and Government of the Carpenters' Union* (1962), pages 152-153.

<sup>25</sup> *Ibid.* page 154.

<sup>26</sup> Montgomery, *op. cit.* pages 21-22.

<sup>27</sup> Philip Taft, *Corruption and Racketeering in the Labor Movement* (1970), page 34.

<sup>28</sup> *Ibid.* pages 34-35.

<sup>29</sup> *Ibid.* page 30.

<sup>30</sup> *Ibid.*

<sup>31</sup> Association for Union Democracy, *Union Democracy in Action* No. 28, reporting on the decision of the U.S. District Court, Southern District of New York, opinion 67 Civ. 1361 by Judge Marvin E. Frankel, June 16, 1967.

<sup>32</sup> Robert Michels, *Political Parties* (1958) page 96; end of chapter entitled "Superiority of the Professional Leaders in Respect of Culture, and their Indispensability; the Formal and Real Incompetence of the Mass"

<sup>33</sup> *Ibid.* pages 238-243.

<sup>34</sup> William M. Leiserson, *American Trade Union Democracy* (1959), pages 59-60.

<sup>35</sup> *Ibid.* page 63.

<sup>36</sup> *Ibid.* page 65.

<sup>37</sup> AFL-CIO *Constitution* (1983) Art. VIII, Sec. 7, pages 24-25.

<sup>38</sup> President's Commission on Organized Crime, *op. cit.* page 116.

<sup>39</sup> AFL-CIO *Constitution*, *Ibid.*

<sup>40</sup> Sara Gamm, "The Election Base of National Union Executive Boards," *Industrial and Labor Relations Review*, Vol. 32, No. 3 (April 1979) pages 295-311. The footnotes in the article which appear in the quoted material are as follows:

1 Refers to Typographical Union exception, a two-party system of government unusual among unions, reference to Lipset, Trow and Coleman, *Union Democracy: The Internal Politics of the International Typographical Union* (1956)

3 The term *national executive board* refers to the executive officers and other members elected to the union's executive body. The terms *vice-president* and *regional* or *district director* are used interchangeably with board member.

<sup>41</sup> John Herling, *Right to Challenge* (1972) Chapter 8, pages 95-109.

<sup>42</sup> This is a revised and shortened substitute for the Appendix to the article on executive board elections. The tabulation is based on current constitutions and therefore embodies changes which have occurred, mostly as a result of union mergers since the article was written.

<sup>43</sup> Constitution of International Union United Steelworkers of America (1982) Art. X Sec 2 page 76.

<sup>44</sup> There are three exceptions in transportation: Pilots (highly skilled and trained, highest paid), International Longshoremen's

and Warehousemen's Union (derives election base from CIO association), and Maintenance of Way Employees (adopted regional elections recently). The Retail, Wholesale Employees Union is the only exception in Trade and Service; however, the constitutional provision does not indicate a clearly democratic arrangement.

<sup>45</sup> As early as 1905, according to John R. Commons, the musicians had developed "a position of more complete control over its business in the United States and Canada . . . than that occupied by any other union in the American Federation." "Types of American Labor Unions - the musicians of St. Louis and New York," *Quarterly Journal of Economics*, May 1906, page 419, cited in Robert D. Leiter, *The Musicians and Petrillo*, (1953) page 24. Traditionally operating in local markets, the Musicians Union has a possible base for corruption.

The other two unions in Entertainment - Screen Actors Guild and American Federation of Television and Radio Artists are exceptionally democratic. The latter has an exceptional provision, for as equitable representation as possible on the basis of membership distribution.

<sup>46</sup> Garth L. Mangum, *The Operating Engineers* (1964), page 218.

<sup>47</sup> Data from constitutions of the unions as follows: Carpenters 1982, Laborers 1981, Operating Engineers 1980, Plumbers and Iron Workers 1981, Painters 1985, Sheet Metal Workers 1982, Bricklayers 1981, and Plasterers 1984.

<sup>48</sup> Data from constitutions, Musicians 1983 and Theatrical and Stage Employees 1984.

<sup>49</sup> Robert A. Christie, *Empire in Wood* (1956), pages 12-13. Footnote c in the text reads "Boss Carpenter," *Fortune*, April 1946, p. 121.)

<sup>50</sup> Bylaws of United Food and Commercial Workers Union Local 400 (1980) Art. VII Section A. (no pages)

<sup>51</sup> *Ibid.* Art. VI.

<sup>52</sup> Data from convention proceedings.

<sup>53</sup> Seidman, *op. cit.* page 41.

<sup>54</sup> *Ibid.* page 16.

<sup>55</sup> *Ibid.* page 43.

<sup>56</sup> Clyde W. Summers, "Democracy in a One-party State: Perspectives from Landrum-Griffin," *The Maryland Law Review*, Volume 43, Number 1 (1984) page 96.

<sup>57</sup> Herman Benson et al, *Union Democracy in the Construction Trades* (1985).

<sup>58</sup> Constitution of International Union United Steelworkers of America (1984) Art. V Sec 27 pages 43-49.

<sup>59</sup> Seidman, *op. cit.* page 52.

<sup>60</sup> See *Hotel Employees & Restaurant Employees International Union - Report* made by the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, United States Senate, 1984, IV Historical background of HEREIU 1866-1973, pages 11-16.

<sup>61</sup> Teamsters' *Constitution* adopted by the 22nd International Convention, June 1-5, 1981.

<sup>62</sup> Laborers' *Constitutions* (International, Local, and District Councils) as amended by the 18th Convention, September 14-18, 1981.

<sup>63</sup> Hotel Employees & Restaurant Employees' *Constitution* as amended by the 39th general convention, June 22-25, 1981.

<sup>64</sup> International Longshoremen's Association, *Constitution and Rules of Order*, as amended at the 44th convention, July 16-20, 1979.

<sup>65</sup> See page 93 in publication cited in footnote 60 above.

<sup>66</sup> *Trends in Collective Bargaining* (1945). The quotation is from Chapter 15 for which the Labor Committee of the Fund was responsible.

<sup>67</sup> AFL-CIO Constitution (1983) Art. XX, pages 46-47.

<sup>68</sup> See, for example, Edgar N. James, "Union Democracy and the LMRDA: Autocracy and Insurgency in National Union Elections," *Harvard Civil Rights - Civil Liberties Law Review*, Vol. 13 (1978), pages 247-355.

<sup>69</sup> Clyde W. Summers, "Democracy in a One-Party State: Perspectives from Landrum-Griffin." *The Maryland Law Review*, Vol. 43 No 1 (1984), page 113.

<sup>70</sup> The complexity and variations of union involvement in racketeering are discussed in George S. Roukis and Bruce H. Charnov, "The RICO Statute: Implications for Organized Labor," *Labor Law Journal* Vol. 36 No. 5, May 1985, pages 281-291. A persuasive case is made for safeguarding union democracy by more vigorous prosecution under Title IX of the Organized Crime Control Act (1970). As one becomes increasingly aware, the causal relation of organized crime and union democracy is painfully elusive.

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