

Statement of Reasons for Dismissing a Complaint
Alleging the International Longshoremen's Association
Improperly Continued its Trusteeship over its Subordinate
Local 1422
Beyond the Period of Presumptive Validity

The Department of Labor (Department) received a complaint dated February 15, 2021, alleging that the International Longshoremen's Association (International) continued its trusteeship over its subordinate body, Local 1422 (local or Local 1422), beyond the 18-month period of presumed validity without providing clear and convincing proof that its continuation was necessary for a purpose allowable under Title III of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), 29 U.S.C. §§ 461-66.

Section 304 provides that "[a]fter the expiration of eighteen months the trusteeship shall be presumed invalid in any such proceeding and its discontinuance shall be decreed unless the labor organization shall show by clear and convincing proof that the continuation of the trusteeship is necessary for a purpose allowable under section 302." 29 U.S.C. § 464(c). Section 302 provides that "[t]rusteeships shall be established... for the purpose of correcting corruption or financial malpractice, assuring the performance of collective bargaining agreements or other duties of a bargaining representative, restoring democratic procedures, or otherwise carrying out the legitimate objects of such labor organization." 29 U.S.C. § 462.

The complaint alleged that the International's imposition of the August 14, 2019 trusteeship had exceeded the 18-month period of validity and that the reasons for initially imposing the trusteeship no longer existed. The Department's investigation confirmed the allegation. The trusteeship's presumed validity expired on February 14, 2021. The Department reviewed the International's initial reason for imposing the trusteeship, namely that International Trustee Virgil Maldonado was negotiating the purchase of a much larger building to accommodate the local's growing membership. Trustee Maldonado effectuated a successful purchase of a new building in December 2019.

Subsequent to the expiration of the period of presumed validity, the Department interviewed Trustee Maldonado to determine whether the International could provide reasons why the continuation of the trusteeship was necessary and the International could not yet conduct a new officer election to bring the local out of trusteeship. Trustee Maldonado explained that he was in the process of negotiating a complex sale of Local 1422's old union building. Trustee Maldonado, through the International's General Counsel [REDACTED], informed the Department that the buyer with whom the trustee was closely working might balk at having to deal with newly-elected executive board members, and possibly withdraw his offer, resulting in the local's financial ruin. Understandably, Local 1422 needed to sell its old property to pay for the new, much larger property. Another impediment to holding a new election was the

approaching expiration date of an interest-only loan to pay for the purchase of the new building and a construction loan. Trustee Maldonado had been working with a financial institution to extend the period of this loan.

In May 2021, the Department's investigation disclosed new information that nullified Trustee Maldonado's above justifications to continue the trusteeship. The initial buyer was no longer a viable prospect for purchasing the old building. Second, Trustee Maldonado successfully renegotiated a new interest-only mortgage loan, including a construction loan, to cover the cost of the new property; that interest-only loan would not expire until late 2024. In short, neither of the reasons Trustee Maldonado raised earlier were viable any longer.

Consequently, the Department, in its July 22, 2021, Demand Letter to the International, provided the International an opportunity to offer clear and convincing proof, in writing and with necessary documentation, that the trusteeship should continue beyond the period of presumptive validity. The International responded on August 4, 2021, stating that it continued with the trusteeship because a new potential buyer was now interested in purchasing the former union building. The International, however, provided no documentation and very limited details supporting its assertions. The Department did not find that the International presented clear and convincing proof that it was necessary to keep Local 1422 under trusteeship.

As a result, the Department demanded that a new election be held to lift the trusteeship and restore Local 1422's autonomy. The International complied. The new election was conducted on November 18, 2021, at the local's new building. The newly-elected officers were installed on December 2, 2021, the effective date on which the trusteeship was removed, and as acknowledged in the International LM-16 Terminal Trusteeship Report. Local 1422's autonomy has been fully restored.

For the reasons above, the complaint is dismissed.

U.S. Department of Labor

Office of Labor-Management Standards
Suite N-5119
200 Constitution Ave., NW
Washington, D.C. 20210
(202) 693-0143



May 27, 2022

[REDACTED]

Dear [REDACTED]:

This is to advise you of the disposition of a complaint filed with the Secretary of Labor alleging that violations of Title III of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), occurred with respect to the imposition of a trusteeship by the International Longshoreman's Association over Local 1422, Charleston, South Carolina.

Pursuant to Sections 304 and 601 of the LMRDA, an investigation was conducted by the Office of Labor-Management Standards. After carefully reviewing the investigative findings, and after consulting with the Solicitor of Labor, we have determined that legal action is not warranted in this case. We are, therefore, closing our file as of this date. The basis for this decision is set forth in the enclosed Statement of Reasons.

Sincerely,

[REDACTED]

Tracy L. Shanker
Chief, Division of Enforcement

Enclosure

cc: [REDACTED], Associate Solicitor
Civil Rights and Labor-Management Division

U.S. Department of Labor

Office of Labor-Management Standards
Suite N-5119
200 Constitution Ave., NW
Washington, D.C. 20210
(202) 693-0143



May 27, 2022

Benjamin Flowers
[REDACTED]

Dear Mr. Flowers:

This is to advise you of the disposition of your complaint filed with the Secretary of Labor alleging that violations of Title III of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), occurred with respect to the imposition of a trusteeship by the International Longshoremens' Association over Local 1422, Charleston, South Carolina.

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Sincerely,

[REDACTED]
Tracy L. Shanker
Chief, Division of Enforcement

Enclosure

cc: [REDACTED], Associate Solicitor
Civil Rights and Labor-Management Division

U.S. Department of Labor

Office of Labor-Management Standards
Suite N-5119
200 Constitution Ave., NW
Washington, D.C. 20210
(202) 693-0143



May 27, 2022

Allen Rouse, Jr.

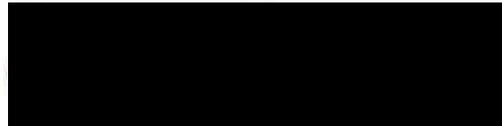


Dear Mr. Rouse:

This is to advise you of the disposition of your complaint filed with the Secretary of Labor alleging that violations of Title III of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), occurred with respect to the imposition of a trusteeship by the International Longshoremens' Association over Local 1422, Charleston, South Carolina.

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Sincerely,



Tracy L. Shanker
Chief, Division of Enforcement

Enclosure

cc: , Associate Solicitor
Civil Rights and Labor-Management Division