

Statement of Reasons
for Dismissing a Complaint
Alleging the Improper Imposition of a Trusteeship on Local 333 by
International Longshoremens' Association

The Department of Labor received a complaint on May 1, 2015, from a union member in good standing alleging that the International Longshoremens' Association (ILA) improperly imposed a trusteeship on its affiliate Local 333 (Local 333) in violation of Title III of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), 29 U.S.C. §§ 461-466. The complaint alleged that the ILA did not have a valid, lawful reason for imposing the trusteeship and, rather, imposed the trusteeship under false pretenses.

The LMRDA permits a parent labor organization to impose a trusteeship on a subordinate body for the purposes 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. A trusteeship established by a parent body in conformity with the procedural requirements of its constitution and bylaws and authorized or ratified after a fair hearing is presumed valid for eighteen months from the date of its establishment and is not subject to attack during this period except by clear and convincing proof that the trusteeship was not established or maintained in good faith for a purpose allowable under section 302 of the Act. 29 U.S.C. § 464(c).

Corresponding to the LMRDA's requirements, Article XXI, Section 1, of the ILA Constitution sets out purposes for which a trusteeship may be imposed: "(1) to correct corruption, (2) to correct financial malpractice, (3) to assure the performance of collective bargaining, (4) to assure the performance of the duties of a collective bargaining representative, (5) to restore democratic procedures, or (6) otherwise to carry out the objects and purposes of the I.L.A."

In view of the LMRDA's requirement that a parent body establish a trusteeship in conformity with its constitution and bylaws, Article XXI, Section 2, of the ILA Constitution sets out the procedures for establishing a trusteeship. Following an investigation, the International President, with the approval of the executive council, has the authority to suspend the officers of a local union and to appoint a trustee to take charge and control of the books, records, property, assets, funds and affairs of the subordinate body. In such cases, charges against the local union or its officers must be made within 15 days and those charges must be heard by the executive council or a committee appointed to hear and report back to the executive council. The executive council retains the authority to make a final decision, which may include a decision to continue the trusteeship.

The Department of Labor investigation disclosed that the trusteeship at issue was preceded by a complaint filed with the ILA by a Local 333 member who alleged that Local 333's executive board violated the local's bylaws and a membership directive when the local admitted over 500 new member applicants into the local during July and August 2014. Prior to this action, the local had approximately 1,100 members. Further, the complaint alleged applicants were required to sign waivers stating that their initiation fees (\$2,000) and their first quarter dues (\$195) were non-refundable, even if the local was unable to obtain work for them.

Upon receipt of the complaint, the ILA President, by letter dated September 12, 2014, appointed a committee to hear and investigate the charges and to provide a written report. The committee's investigation indicated that the Local 333 executive board had violated its own bylaws, which require applicants for membership to be approved by a majority vote of the members present at a regular or special meeting of the local. It also noted that the local was on the verge of conducting a new officer election and of approving a new collective bargaining agreement. By letter dated November 24, 2014, the committee issued its report, which recommended that a temporary trusteeship be imposed for the purpose of restoring democratic procedures to Local 333 and to assure the performance of collective bargaining agreements. The ILA executive board subsequently accepted the committee's recommendation and on November 26, 2014, the ILA President imposed a trusteeship effective December 1, 2014, appointed a trustee to take control of Local 333's affairs, and suspended the local officers pending the decision of the ILA executive council subsequent to the hearing on whether the trusteeship should be continued.

Also on November 26, 2014, the ILA notified the parties that the charges filed against the Local 333 executive board as a result of the investigation would be heard on December 4, 2014. Following the hearing, the committee issued its report in which it concluded that the Local 333 executive board had indeed ignored a directive of the Local 333 membership restricting the number of new applicants to 100 and violated its own bylaws with respect to the admission of over 500 members without membership approval. The hearing committee recommended that the trusteeship be continued for the purpose of restoring democratic procedures to Local 333.

The Department's investigation confirmed that on June 4, 2013, the Local 333 membership passed a motion that only 100 new members at a time would be admitted and no new applicants would be admitted until those already admitted had been processed and transitioned into employment. It further confirmed that Article V, Section 3, of the local's bylaws provides that new member applicants be approved by the vote of a majority of the membership present at a regular or special meeting of the local. In addition, its investigation disclosed that the local had recently incurred a \$3.8 million penalty from an arbitrator stemming from an unauthorized strike the year before. With respect to the December 4, 2014 hearing, it is uncontested that Local 333 had notice of the hearing and the opportunity to present evidence.

Accordingly, the Department's investigation disclosed that the trusteeship was imposed initially and continued according to the ILA Constitution's procedural requirements. It was imposed for a proper purpose under both the LMRDA and the ILA Constitution and it was ratified after a fair hearing. Moreover, the investigation did not disclose clear and convincing evidence that the trusteeship was not established or maintained in good faith for an allowable purpose so as to rebut the eighteen-month presumption of validity.

For the reasons set forth above, the Department of Labor has concluded that there was no violation of Title III of the LMRDA and is closing its file on this matter.



March 14, 2016

[Redacted]

Dear [Redacted]:

This is to advise you of the disposition of your complaint filed with the Secretary of Labor alleging that violations of Section 302 of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA) occurred with respect to the imposition of a trusteeship by the International Longshoremen's Association over Local 333, located in Baltimore, Maryland.

Pursuant to Sections 304 and 601 of the LMRDA, the Office of Labor-Management Standards conducted an investigation. After carefully reviewing the investigative findings, and after consulting with the Office of the Solicitor, Division for Civil Rights and Labor-Management, we have determined that legal action is not warranted in the trusteeship 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,

Sharon Hanley
Chief, Division of Enforcement

Enclosure

cc: Beverly Dankowitz, Acting Associate Solicitor for Labor-Management Laws



March 14, 2016

Mr. Harold J. Daggett, President
International Longshoremen's Association
5000 West Side Avenue
North Bergen, New Jersey 07047

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