

Statement of Reasons
Dismissing a Complaint
Concerning the Imposition of a Trusteeship
Over the Southwest Regional Council of Carpenters (SWRCC)
in Los Angeles, California

A member in good standing of the Southwest Regional Council of Carpenters (SWRCC), United Brotherhood of Carpenters and Joiners (UBC), filed a complaint with the United States Department of Labor on November 1, 2013, alleging that the UBC violated Title III of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), 29 U.S.C. § 401, et seq., by imposing a trusteeship upon the SWRCC. Specifically, the complaint alleged that there was no emergency under the UBC constitution which authorized UBC to impose the trusteeship. For the following reasons, the complaint is dismissed.

Title III of the LMRDA permits parent labor organizations to impose a trusteeship on subordinate bodies 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 is presumed valid for eighteen months from the date of its establishment and is not subject to attack during such 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).

Mirroring Title III of the Act, Section 6(D) of the UBC constitution provides that the UBC has the right to establish supervision over and to conduct the affairs of any subordinate body “to correct financial irregularities or to assure the performance of collective bargaining agreements and the responsibility of the subordinate body as a bargaining agent or to protect the interests and rights of the members” subject to procedural requirements set forth in Paragraph H of Section 10 of the constitution. Section 10 (H) provides that when the General President has determined that supervision should be established, (1) “the General President may appoint a committee to hold a hearing, after due notice to such subordinate body or member;” (2) the hearing committee shall report its findings and recommendations to the General Executive Board and to the member or subordinate body involved; and (3) the General Executive Board is empowered to take such action as is necessary and proper for the welfare of the [UBC]”, subject, to appeal rights. Section 10 (H) also provides for the imposition of an emergency trusteeship: “[i]f the General President determines an emergency situation exists, the General President may appoint a representative to assume supervision over any Local Union or Council pending the holding of a hearing and the completion of the proceedings as provided for in this Section.”

The investigation found that UBC General Vice President Douglas Banes notified SWRCC Executive Secretary Treasurer Mike McCarron, by letter dated July 19, 2013,

that the UBC was placing the SWRCC under emergency supervision.¹ The letter cited “financial irregularities and malpractice,” including the SWRCC’s having charged the Southwest Carpenters Training Fund above-market rents to lease training facilities, a prohibited transaction under the Employee Retirement Income Security Act of 1974, as the basis for the emergency supervision. The trusteeship letter also raised other allegations, such as the threatening and intimidation of the UBC general counsel and the regional council’s failure to properly represent millwrights in collective bargaining.

On September 11, 2013, UBC notified members of the trusteeship hearing. The trusteeship hearing was held on October 16 and 18, 2013. The Hearing Committee followed the Supervision Hearing Rules and provided those in attendance the opportunity to come forward and ask questions or present testimony. The Hearing Committee reviewed all documentary evidence and several days of testimony. The majority of the witnesses who presented testimony at the hearing supported the supervision and all the members of the Executive Committee signed a statement expressing their support for continued UBC supervision. SWRCC Executive Secretary Treasurer McCarron did not participate in the hearing. On October 24, 2013, the hearing committee recommended continuing the trusteeship.

The evidence presented at the hearing and reviewed during the Department’s investigation establishes that the trusteeship is supported by purposes consistent with the statutory standards, including correcting financial malpractice and assuring the performance of collective bargaining agreements or other duties of a bargaining representative. Among other things, the hearing found that there were over a hundred thousand dollars of undocumented charges on SWRCC credit cards; that SWRCC pledged assets worth three million dollars as collateral for SWRCC employers’ lines of credit without providing for legal protection of the assets; and that SWRCC Executive Secretary Treasurer McCarron directed that employers who had failed to make benefit contributions to SWRCC funds be removed from the funds’ delinquency list, leaving the funds with no legal recourse to recoup the missed payments. Whether or not the original stated reasons for the trusteeship were sufficient to impose the emergency trusteeship, the evidence presented at the hearing provided a sufficient basis for the continuation of the trusteeship. Further, the UBC followed its constitutional procedures for establishing the trusteeship. There is no violation of the LMRDA. Accordingly, we are closing our file on this matter.

¹ Because the General President Doug McCarron is the brother of SWRCC Executive Secretary Treasurer Mike McCarron, President McCarron granted Vice President Baner the powers of the general president to determine whether to impose a trusteeship over SWRCC.

U.S. Department of Labor

Office of Labor-Management Standards
Division of Enforcement
Washington, DC 20210
(202) 693-0143 Fax: (202) 693-1343



March 27, 2014



Dear [REDACTED]:

This is to advise you of the disposition of your complaint filed with the Secretary of Labor alleging a violation of Title III of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA) with regard to the imposition of the trusteeship by the United Brotherhood of Carpenters over its Southwest Regional Council of Carpenters in Los Angeles, California.

Pursuant to Sections 304 and 601 of the LMRDA, an investigation was conducted by the Office of Labor-Management Standards. Following review of the investigative findings by this office and the Office of the Solicitor, Division for Civil Rights and Labor-Management, a decision has been made that those findings do not provide a basis for action by the Department.

A statement of reasons setting forth the basis for this decision is enclosed.

Sincerely,

Patricia Fox
Chief, Division of Enforcement

Enclosure

cc: Christopher Wilkinson
Associate Solicitor for Civil Rights and Labor-Management

U.S. Department of Labor

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Division of Enforcement
Washington, DC 20210
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March 27, 2014

Mr. Douglas McCarron, General President
United Brotherhood of Carpenters
101 Constitution Avenue, NW
Washington, DC 20001

Dear Mr. McCarron:

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Sincerely,

Patricia Fox
Chief, Division of Enforcement

Enclosure

cc: Christopher Wilkinson, Associate Solicitor
for Civil Rights and Labor-Management