

Statement of Reasons
For Dismissing the Complaint of a Member
Concerning the Trusteeship Imposed on
Local 164, International Brotherhood of Teamsters, AFL-CIO,
in Jackson, Michigan

A member in good standing of the Teamsters, Local 164 (Local 164), filed a complaint on April 15, 2013, with the Secretary of Labor concerning the imposition of a trusteeship imposed by the International Brotherhood of Teamsters (IBT). The complainant alleged that the International failed to conduct a hearing within 30 days, the trustee appointed by the IBT provided false information to the IBT to support the imposition of the trusteeship, the International failed to file the initial trusteeship report timely, and the trustee failed to respond to written requests for access to documents in preparation for the trusteeship hearing.

The LMRDA allows trusteeships 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. 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 LMRDA. 29 U.S.C. § 464 (c).

The Department’s investigation established that on January 30, 2013, IBT General President James Hoffa sent a letter to the officers and members of Local 164 informing them of the imposition of a trusteeship over Local 164. The main reason listed in the letter was the financial instability of the local. However, some of the other reasons listed for the imposition included the following: the Local’s president applying and receiving unemployment compensation while serving as a business agent; lack of proper authorization under the Local’s bylaws to pay attorney fees; the local failing to provide its local Trustees with sufficient information for them to perform their duties of reviewing financial transactions; dissatisfaction by the membership over a dispute concerning an appointed steward; and, financial claims against Local 164 by some of its officers.

A hearing was held on April 30, 2013. The hearing panel’s May 30, 2013 recommendation affirmed the imposition of the trusteeship based on the financial instability of the local and did not mention the other reasons listed in the General President’s letter. The IBT General President’s June 10, 2013 letter to the membership affirmed the hearing panel’s May 30, 2013 recommendation that the trusteeship should

be continued. The letter also cited the need for Local 164 to “reestablish its financial stability” and that “its current obligations far outpace its income.”

On December 4, 2013, the Department informed the IBT that the evidence gathered during its investigation did not support a finding that the trusteeship of Local 164 was established for an allowable purpose under the LMRDA. “Financial instability” is not one of the proper purposes listed in the LMRDA, and the General President’s letter does not refer to any purpose set out in the LMRDA. The Department determined that even if “financial instability” is a proper purpose under the LMRDA, the record does not support the conclusion that Local 164 was financially unstable at the time the trusteeship was imposed.

On March 31, 2014, Local 164 was merged into Local 299, and members have been assigned to Local 299 and two additional local unions. A Form LM-16, Terminal Trusteeship Report, was filed with the Department on June 4, 2014.

For the reasons set forth above, this matter does not require any further action on the part of the Secretary and this case will be closed.

U.S. Department of Labor

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



September 10, 2014

Mr. James P. Hoffa
General President
International Brotherhood of Teamsters
25 Louisiana Avenue, N.W.
Washington, D.C. 20001

Dear Mr. Hoffa:

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 trusteeship imposed by the International Brotherhood of Teamsters over Local 164, Jackson, Michigan.

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,

Patricia Fox
Chief, Division of Enforcement

Enclosure

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

U.S. Department of Labor

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September 10, 2014

[REDACTED]

Dear [REDACTED]:

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Patricia Fox
Chief, Division of Enforcement

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Associate Solicitor for Civil Rights and Labor-Management