

**Statement of Reasons for Dismissing a Complaint  
Alleging the American Federation of Government Employees  
Improperly Imposed a Trusteeship over Local 507**

The Department of Labor (“Department”) received a complaint alleging violations of the Civil Service Reform Act of 1978 (“CSRA”) and the Department’s regulations at 29 C.F.R. § 458.26-28, concerning the trusteeship that American Federation of Government Employees (“AFGE”) imposed over Local 507, located in Riviera Beach, Florida, on October 11, 2017. The complaint alleged that the trusteeship was not imposed over Local 507 in accordance with the AFGE constitution. Additionally, it alleged that the trusteeship was imposed as a retaliatory measure due to the President’s and Executive Vice President’s continued support for the former AFGE National Secretary-Treasurer.

As a result of the investigation, the Department has concluded that there were no violations of the CSRA. The investigation disclosed that the trusteeship was established in accordance with the AFGE constitution, the CSRA, and the Department’s regulations at 29 C.F.R. § 458.26, for an allowable purpose. Following is an explanation of this conclusion.

Section 458.26 of the Department’s regulations, 29 C.F.R. § 458.26, provides that a parent body may establish and administer a trusteeship over a subordinate body only in accordance with the constitution and bylaws of the organization which has assumed the trusteeship over the subordinate body. A parent body may impose a trusteeship over a subordinate body for an allowable purpose, including to correct corruption or financial malpractice, or to otherwise carry out the legitimate objectives of the labor organization.

The complaint alleged that AFGE did not follow appropriate procedures in imposing the trusteeship, because a preliminary hearing was not conducted, the President and Executive Vice President were not given notice of the proposal, all incumbent officers were not removed, and its membership was not given the date, time, and place of the trusteeship hearing. Section 458.28 of the Department’s regulations, 29 C.F.R. § 458.8, provides that a trusteeship must be established in conformity with the procedural requirements of the parent body’s constitution and authorized or ratified after a fair hearing. AFGE’s constitution, Article 9, Section 5(b)(4), allows for an expedited trusteeship when there is a violation of law, or a confirmed loss of leadership. Section 5(b)(5) further states that the National President shall remove incumbent officers and give notice of the imposition of the trusteeship to the members providing the time, date, and place of the hearing.

The Department’s investigation showed that the National AFGE followed the expedited trusteeship process detailed in its constitution, which does not require notice of the proposal or a preliminary hearing. The AFGE removed all of the Local officers. On November 17 and 22, 2017, notices were mailed to the members providing them with

the time, date, and place of the trusteeship hearing. The hearing panel conducted a fair hearing on the trusteeship on December 7, 2017, and later issued a recommendation and decision ratifying the trusteeship.

With respect to the reasons for the AFGE imposing the trusteeship on Local 507, the Department's investigation showed that it was imposed due to financial mismanagement, and to otherwise carry out the legitimate duties and objectives of the local. Specifically, the investigation disclosed that the audit conducted by the AFGE, which was corroborated by the hearing on the trusteeship, showed that Local 507 had missing financial records; that it had insufficient records to account for a substantial number of transfers between its eight separate bank accounts; and that there were unapproved and unexplained expenditures. The trusteeship was imposed for an allowable purpose. Since the trusteeship over Local 507 was imposed for an allowable purpose, it is not necessary to evaluate whether there were other purposes for the trusteeship that might not be valid.

It is concluded that the AFGE established a trusteeship over Local 507 for an allowable purpose under section 458.26 of the Department's regulations, in conformity with the procedural requirements of the AFGE's constitution. The trusteeship is presumed to be valid for a period of eighteen months from the date of its establishment, in accordance with section 458.28 of the Department's regulations.

We are closing our file on this matter.



May 15, 2018

[Redacted]

Dear [Redacted]

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 (LMRDA), as made applicable to federal sector unions by the Civil Service Reform Act (CSRA), 5 U.S.C. § 7120(d) and 29 C.F.R. § 458.26, occurred with respect to a trusteeship imposed by the American Federation of Government Employees (AFGE), over Local 507, in Riviera Beach, Florida.

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. Therefore, we are closing our file as of this date. The basis for this decision is set forth in the enclosed Statement of Reasons.

Sincerely,

[Redacted Signature]

Sharon Hanley  
Chief, Division of Enforcement



May 16, 2018

J. David Cox, National President  
American Federation of Government Employees  
80 F Street, NW  
Washington, DC 20001

Dear Mr. Cox:

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, (LMRDA), as made applicable to federal sector unions by the Civil Service Reform Act (CSRA), 5 U.S.C. § 7120(d) and 29 C.F.R. § 458.26, occurred with respect to a trusteeship imposed the American Federation of Government Employees (AFGE) over Local 507, in Riviera Beach, Florida.

Pursuant to Section 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 Reason

Sincerely,



Sharon Hanley  
Chief, Division of Enforcement