



March 10, 2009



Dear |||||:

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 (LMRDA) occurred with respect to the trusteeship imposed by the Service Employees International Union over its affiliated Local 2000 in St. Louis, Missouri.

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 Solicitor of Labor, we have determined that legal action is not warranted in this case. We are, therefore, closing our files as of this date.

The basis for this decision is set forth in the enclosed Statement of Reasons.

Sincerely,

Cynthia M. Downing  
Chief, Division of Enforcement

Enclosure

Statement of Reasons  
Dismissing a Complaint  
Concerning the Imposition of a Trusteeship  
Over Local 2000  
Service Employees International Union  
In St. Louis, Missouri

A member in good standing of the Service Employees International Union ("SEIU") Local 2000 ("Local 2000") filed a complaint with the United States Department of Labor on November 21, 2008, alleging that on November 6, 2008, SEIU violated Title III of the Labor-Management Reporting and Disclosure Act of 1959 (the "Act"), 29 U.S.C. § 401, et seq., by unjustifiably imposing a trusteeship upon Local 2000. For the following reasons, the complaint is dismissed.

Section 304 of the Act, 29 U.S.C. § 464, provides that a trusteeship imposed by a labor organization in conformity with the procedural requirements of its constitution and bylaws and authorized or ratified after a fair hearing is "presumed valid for a period of eighteen months from the date of establishment and shall not be subject to attack during such period except upon clear and convincing proof that the trusteeship was not established or maintained in good faith for a purpose allowable under section 302." 29 U.S.C. § 464(c). Section 302 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.

Article VIII, Section 7(a) of SEIU's Constitution and Bylaws states that SEIU's International President may appoint a trustee over a subordinate local "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 [the] International Union." Section 7(f) of Article VIII also states that "prior to the imposition of a trusteeship the International President shall appoint a hearing officer or officers ..., and shall issue a notice, which shall be distributed in a timely fashion, setting a time and place for a hearing, for the purpose of determining whether a Trustee should be appointed."

In this case, SEIU's International President issued a notice on September 15, 2008, that a trusteeship hearing would be held before an appointed hearing officer on October 2, 2008. The hearing was held on that date from approximately 10:00 am to 10:00 pm. The hearing provided an opportunity for all interested parties to submit evidence and present testimony. Members and officers attended and spoke at the hearing. In addition, the hearing officer permitted attendees to submit additional information for

the record until October 7. The investigation found no evidence that any person sought to postpone this hearing. These actions satisfied the requirements of section 304 of the Act, which requires that a trusteeship can only be imposed after a "fair hearing" before "such other body as may be provided in accordance with its constitution or bylaws". 29 U.S.C. § 464.

Based upon the recommendation of the hearing officer, on November 6, 2008, SEIU's International President notified Local 2000 officers and members that he had determined that the "immediate appointment of a Trustee at Local 2000 ... was necessary to assure preservation of the Local Union's representational duties and functions, investigate and correct serious financial irregularities, restore democratic procedures, protect the members' interests, and otherwise carry out the legitimate objects of [the] International Union."

The Department of Labor's investigation disclosed that SEIU had justifiable grounds for imposing the trusteeship:

- Local 2000's president and executive board members were unwilling and unable to work together.
- Local 2000 was insolvent and lacked adequate financial controls. Specifically, it failed to prepare annual budgets for 2006-2008, failed to do monthly bank reconciliations, failed to get executive board approval for vacation payouts to the president and the secretary-treasurer; failed to properly document credit card charges; and failed to properly approve and document disbursements to field staff and member political organizers for political activity.
- Local 2000 faced considerable legal liability as a result of the secretary-treasurer's actions before the Missouri State Personnel Advisory Board and numerous discrimination lawsuits from members of its own staff.

Consequently, Local 2000 was not fulfilling its collective bargaining responsibilities. Imposing the trusteeship was permissible under Article VIII, Section 7(a) of SEIU's Constitution and Bylaws as well as Section 302 of the Act, 29 U.S.C. § 462. Since SEIU complied with its Constitution and had legally sufficient reasons for imposing the trusteeship we are closing our file on this matter.