

Statement of Reasons
Dismissing a Complaint
Concerning the Trusteeship Imposed on Local 2077
American Federation of Government Employees
Selfridge ANG Base, Michigan

The Department of Labor (Department) received a complaint on August 6, 2017, alleging a violation 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 the American Federation of Government Employees (AFGE) imposed over AFGE, Local 2077 (Local 2077). A member in good standing of Local 2077 alleged that AFGE failed to follow proper procedures contained in its National Constitution by imposing the trusteeship under an expedited process, which is only permissible under particular circumstances. The member also alleged that AFGE failed to establish that Local 2077 suffered a loss of leadership or that there was evidence of violations of law that would justify the use of an expedited trusteeship process.

Section 458.26 of the Department's regulations permits a parent labor organization to impose a trusteeship on a subordinate body for the purpose of "(a) correcting corruption or financial malpractice; (b) assuring the performance of collective bargaining agreements or other duties of a bargaining representative; (c) restoring democratic procedures; or (d) otherwise carrying out the legitimate objects of such labor organization." The regulations further provide that a trusteeship, established by a labor organization in conformity with the procedural requirements of its constitution and bylaws and authorized or ratified after a fair hearing either before the executive board or before such other body as may be provided in accordance with its constitution and bylaws, shall be presumed valid for a period of 18 months from the date of its 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 purposes allowable under § 458.26. 29 C.F.R. § 458.28. The Department of Labor investigation established that AFGE imposed the trusteeship for an allowable purpose, that AFGE established the trusteeship in accordance with procedures in its constitution and bylaws, and that the trusteeship was ratified after a fair hearing in accordance with law.

The investigation determined that AFGE established the trusteeship in conformity with the procedural requirements of its constitution. The Department's investigation did not substantiate the member's allegation that AFGE failed to follow the proper procedures for imposing a trusteeship, because it utilized the expedited process set out in its Constitution. The investigation established that AFGE's National Constitution, Article IX, Section 5(b)(4) allows for the use of an expedited process in situations where there is: "(1) a violation of law established by preponderant evidence gathered by AFGE or by local, state, or federal officials; (2) secession from AFGE; or (3) confirmed loss of

leadership.” Cox’s letter notifying Local 2077’s membership of the trusteeship alleged a loss of leadership and a violation of law.

The Department’s investigation established sufficient basis for the findings of AFGE National President J. David Cox that the trusteeship was imposed due to a loss of leadership and violation of law. With respect to the loss of leadership, Cox stated that the president of Local 2077 had unilaterally removed two executive board officers in violation of the AFGE National Constitution, and that Local 2077’s members then voted to remove the president from office, again in violation of the National Constitution. The hearing panel also found that Local 2077 suffered from a lack of understanding and training in the responsibilities of subordinate officers and that there was a division between the leadership and the members. The panel noted that the Commander of Selfridge ANG Base refused to meet with Local 2077’s president. Because this situation would prevent the bargaining representative from performing his duties, correcting the problem was an allowable purpose for the trusteeship.

With respect to violations of law, Cox stated that there were numerous allegations of unauthorized expenditures. The hearing panel found that Local 2077 had not completed adequate audits. At the hearing, it was noted that the person who conducted the July 2016-June 2017 audit acknowledged that he had not resolved all items reviewed in the audit. AFGE stated that, although some expenditures on the bank statements submitted as evidence could be legitimate expenses, there was no rationale for other expenditures, especially transactions at a local topless bar, a Hooters restaurant, and multiple restaurants and bars near the residences of Local 2077’s president and vice president. It also noted that Local 2077’s treasurer testified at the hearing that she was unable to reconcile the expenses and felt intimidated by the president and vice president. It further noted that she requested documentation to validate the questionable expenses. When that documentation was not provided, the treasurer contacted the AFGE National Vice President about the issue and, shortly thereafter, the treasurer’s vehicle suffered a flattened tire and a large amount of water in her fuel tank. The hearing panel found that Local 2077’s president and vice president failed to provide documentation justifying the questionable expenses and that their failure to comply with AFGE financial regulations was an important factor justifying the trusteeship.

From a procedural standpoint, AFGE correctly followed the procedures outlined in its Constitution for imposing a trusteeship. By memorandum dated June 9, 2017, AFGE National President J. David Cox notified the membership of AFGE Local 2077 that the local was being placed under trusteeship, effective that day (June 9, 2017). By memorandum dated June 9, 2017, Cox notified AFGE National Representative Timothy Hatt of his appointment as trustee of Local 2077.

By memorandum dated June 9, 2017, Cox informed the Local 2077 membership that a hearing was to be held on June 28, 2017 beginning at 11:30 a.m. at Mulligan's Banquet and Events Building on the Selfridge ANG Base in Michigan. Members were notified of their right to attend the hearing and provide testimony and evidence regarding the trusteeship in the same memorandum. A trusteeship hearing was held on June 28, 2017 at the Selfridge ANG Base.

The AFGE National Office received the hearing panel's decision on July 25, 2017. By memorandum dated July 26, 2017, Cox notified the membership of AFGE Local 2077 that the panel conducted a hearing as scheduled and issued its report and decision to ratify the trusteeship. AFGE's imposition of a trusteeship was for the allowable purpose of correcting corruption and financial malfeasance. A copy of the hearing panel's decision was attached to the memorandum.

Inasmuch as the trusteeship was established for a purpose allowable under Section 302 of the LMRDA, 29 U.S.C. § 462, in accordance with the expedited trusteeship procedures outlined in Article IX, Section 5(b) of the AFGE Constitution, and ratified after a fair hearing, the trusteeship is presumed to be valid for a period of 18 months from June 9, 2017, the date of its establishment.

For the reasons stated above, the Department has concluded that there was no violation of Section 302 of the LMRDA, 29 U.S.C. § 462. Accordingly, this matter does not require any further action on the part of the Department and we are closing our file.



January 11, 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 of 1959, as amended (LMRDA), occurred with respect to the trusteeship imposed by the American Federation of Government Employees (AFGE) over Local 2077 in Selfridge ANGB, 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,

Sharon Hanley
Chief, Division of Enforcement

Enclosure

cc: Beverly Dankowitz, Associate Solicitor
Civil Rights and Labor-Management Division

U.S. Department of Labor

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



January 11, 2018



Dear [REDACTED]:

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