

Statement of Reasons
Dismissing a Complaint
Alleging the Improper Imposition of a Trusteeship on Local 73
by the Service Employees International Union

This Statement of Reasons is in response to a complaint filed on August 17, 2017 with the United States Department of Labor (Department). The complaint alleges that the trusteeship imposed by the Service Employees International Union (SEIU) upon SEIU, Local 73 (Local 73) violated Title III of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), 29 U.S.C. §§ 461-466 and 29 C.F.R. § 458.26. For the following reasons, the complaint is dismissed.

The LMRDA permits a parent labor organization to impose a trusteeship on a subordinate body for the purpose of correcting corruption or financial malpractice, assuring the performance of negotiated agreements or other duties of a representative of employees, restoring democratic procedures, or otherwise carrying out the legitimate objects of the union. 29 U.S.C. § 462. A trusteeship established by a parent body in conformity with the procedural requirements of its constitution and bylaws and authorized or ratified after a fair hearing is presumed valid for eighteen months from the date of its establishment and is not subject to attack during this 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). However, a trusteeship is presumed invalid at the expiration of eighteen months, unless clear and convincing proof is provided that continuation of the trusteeship is necessary for a purpose allowable under the LMRDA. *Id.*

The Department's investigation revealed that the trusteeship was imposed on August 3, 2016. According to the administrators, the trusteeship was imposed because there were twenty-four (24) collective bargaining agreements (CBAs) that remained open past their expiration date, and over a million dollars in unpaid bills. They further indicated that the local was hobbled by a leadership rift between the local's then-president and then-secretary treasurer. While the investigation indicated that the trusteeship was properly imposed for a purpose allowable under Section 302 of the LMRDA, SEIU's continuation of the trusteeship beyond February 2, 2018 was presumed invalid, because the trusteeship exceeded eighteen months since its initial imposition.

The investigation determined that SEIU failed to rebut the presumption of invalidity because the SEIU did not present clear and convincing proof that continuation of the trusteeship was necessary for an allowable purpose. The investigation disclosed that the administrator took the necessary steps to close the largest CBAs, including the City Union 2 contract, three to four contracts at the University of Chicago, and one University of Illinois Urbana-Champaign contract. In addition, the trustees paid Local 73's bills and strengthened its financial controls, resulting in Local 73's sounder

financial condition. Further, after all of the former Local 73 officers were removed from office, Local 73 membership approved extensive revisions to the Local 73 Constitution and Bylaws, appointed an elections committee, and held an election for new officers in October of 2018. On November 16, 2018, SEIU filed a terminal trusteeship report as required under 29 C.F.R. § 402.5, in which it indicated that it had lifted the trusteeship on November 8, 2018, and that Local 73's autonomy has been restored. Therefore, allegations concerning the validity of the trusteeship are moot.

Accordingly, the Department has closed its files on this matter.

U.S. Department of Labor

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



August 29, 2019

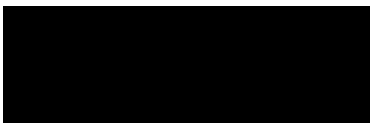
Mary Kay Henry, International President
Service Employees International Union
1800 Massachusetts Avenue, NW
Washington, DC 20036

Dear Ms. Henry:

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 (LMRDA), occurred with respect to a trusteeship imposed by the Service Employees International Union over Local 73 in Chicago, Illinois.

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,



Brian A. Pifer
Chief, Division of Enforcement

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

U.S. Department of Labor

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August 29, 2019

[REDACTED]

Dear [REDACTED]:

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Brian A. Pifer
Chief, Division of Enforcement

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