



November 15, 2019

Statement of Reasons for Dismissing a Complaint
Alleging International Association of Machinists and Aerospace Workers
Improperly Imposed a Trusteeship over its Subordinate
Local Lodge 1584

The Department of Labor (Department) received a complaint on January 17, 2019, challenging the validity of the trusteeship imposed by the International Association of Machinists and Aerospace Workers (International) over its subordinate body, Local Lodge 1584 (local or Local 1584), on January 2, 2019. The complaint alleged that the trusteeship was not imposed for a purpose allowable under Title III of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), 29 U.S.C. § 462.

Section 302 of the LMRDA specifies the purposes for which a labor organization may impose a trusteeship over a subordinate: 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. The International need specify only one of these purposes to impose a trusteeship. As long as the trusteeship is imposed in conformity with the International's constitution and bylaws, and is authorized or ratified after a fair hearing, the trusteeship must be presumed valid for eighteen months from the date of its establishment. *See* 29 U.S.C. §§ 462, 464(c).

The Department's investigation confirmed that the International imposed a trusteeship over Local 1584 for an allowable purpose. Specifically, the International cited the local's financial malpractice in managing its deficit spending. In support of its claim, the International stated that it conducted an audit of the local's finances and determined that the local was spending more money than it was collecting from its investments and its membership. Consequently, the International created a budget and directed the local to follow the budget plan. The investigation disclosed that Local 1584's Secretary Treasurer failed to implement the budget.

Although any one reason will suffice to conclude that a labor organization had sufficient justification to impose a trusteeship over a subordinate, the investigation here found further incidents of the local's failure to manage its affairs responsibly, including the following: failure to pay striking members in a timely manner and at the full rate accorded to striking members until ordered do so by the International; failure to pay lost time to members who worked 12-hour days for one week of training but were only paid for 40 hours until ordered to do so by the International; the local secretary treasurer's unilateral decision to renew the employment contract of the office manager

and hire her son without first obtaining the consent of union officers and the membership; the local secretary treasurer's termination of the local's existing lease and negotiation of a new lease without the consent and approval of union officers and the membership. The investigation found sufficient evidence to support the International's position for its action in each of these instances.

The complaint alleged that the trusteeship was imposed to thwart holding the re-run election scheduled to be held in the latter part of January. The investigation showed no evidence to support this claim. With the exception of the local secretary treasurer, all the officers denied any such motivation on the part of the International, and indeed agreed that a trusteeship was necessary. Consequently, the trusteeship was imposed for an allowable purpose under Section 302.

The complaint also alleged that the International imposed the trusteeship for the sole purpose of accessing the local's funds for its own use. Section 303 provides, in relevant part, that during any period when a local is in trusteeship, it is unlawful to transfer the local's funds to the International. *See* 29 U.S.C. § 463(a)(2). The Department's investigation disclosed that the funds of the local remained at all times with the local as the owner. The only change to the local's bank account was a change in the names of signatories: the International trustee's name is now the sole signatory, replacing the names of the former union officers.

Given that the stated reason for imposing the trusteeship was valid, the only remaining issue is whether the trusteeship was imposed in conformity with the International Constitution. Article VI, section 9(a) of the International Constitution (IC), provides in relevant part, that whenever the International President determines that a trusteeship is warranted, he may appoint a temporary trustee and issue a notice setting forth the reasons for the International's action, and also provide a time and place for a hearing to determine whether the trusteeship should continue or be dissolved. The hearing must be held within thirty days of the date of the imposition of the trusteeship, and the local cannot be given less than ten days' notice of the hearing in order to allow it adequate time to prepare a defense. Article 9(b) of the IC details the hearing procedures, requiring an appointment of a neutral trial committee which will hear the case made by the International's representatives, allowing the local to express its views concerning the trusteeship. The trial committee must render its recommended decision within 60 days of the completion of the hearing, with the International President rendering his decision 15 days after receipt of the recommendation.

The International followed its constitutional procedures. On January 4, 2019, the International trustee held an emergency meeting of the local officers and members of the executive board. He distributed to every attendee a copy of the International President's January 3, 2019 letter that delineated the reasons for imposing the

trusteeship and identified January 2, 2019 as the effective date of the imposition of the trusteeship. At that January 4, 2019 meeting, the International trustee relieved all officers of their duties, took possession of the premises, accompanied the former officers to the local's bank to remove their names as signatories and substitute his name as sole signatory. By letter dated January 10, 2019, the International mailed a letter to all local members informing them of, and the reasons for, the imposition of the temporary trusteeship, and notified them of the February 1, 2019, hearing date, time, and place. The local was provided with over ten days' notice of the hearing date to allow sufficient time for the local to prepare a defense. The investigation disclosed that members were permitted to present evidence and provide their views on the imposition of the trusteeship. All former local officers agreed that the hearing was fair overall. Less than 60 days from the February 1st hearing, the trial committee recommended the trusteeship continue by letter dated March 13, 2019. The International President accepted the trial committee's recommendation to continue the trusteeship by letter dated March 19, 2019.

For the reasons set forth above, the Department has concluded that the trusteeship was imposed for a valid purpose and conformed to the procedural requirements of the International Constitution. Consequently, the trusteeship is presumed valid until July 2, 2020. Accordingly, the complaint is dismissed.

Sincerely,

[REDACTED]

Brian A. Pifer
Chief, Division of Enforcement
Office of Labor-Management Standards

cc:

[REDACTED]

Beverly Dankowitz, Associate Solicitor for Civil Rights and Labor-Management