

September 12, 2016

Tara LaMorte, Esq., Assistant United States Attorney
Rebecca Tinio, Esq., Assistant United States Attorney
Office of the United States Attorney, Southern District of New York
86 Chambers Street, 3rd Floor
New York, NY 10007

Re: *United States v. International Brotherhood of Teamsters*,
No. 88 Civ. 4486 (LAP)

Dear Ms. LaMorte: and Ms. Tinio:

This letter is sent on behalf of Teamsters for a Democratic Union, to provide you with what TDU hopes will provide helpful discussion of the Rome Aloise matters under investigation. Please feel free to share this letter and attachments with those conducting that investigation.

The case is significant, because it evidences the culture of corruption that has taken hold in Mr. Hoffa's administration. This culture treats the Union's financial assets and exclusive collective bargaining powers, and officers' own fiduciary duties as employee benefit fund trustees, as the officers' and their friends' personal keys to a private candy shop. This sort of corruption was exactly what the Taft-Hartley Act aimed to end by creating broadly stated felony penalties, including a 13-year mandatory bar against any official union authority.

Over the course of the Consent Decree, the IRB largely succeeded in rooting out the Mafia. However, this recently disclosed evidence shows that important work still remains to be done to restore the values of honest unionism and purge officers who have demonstrated their readiness to ignore those values. Of particular importance is evidence showing such a culture of corruption at the highest levels of the International Union.

Publicly available documents, as well as an anonymous report that has been repeatedly corroborated by independent evidence confirming its trustworthiness, show that top-ranking officers in the Teamsters have been aware of, facilitated for their own personal benefit, or actively participated in corrupt practices. The public record documents acts that violate Taft-Hartley amendments adding civil and criminal penalties to the LMRDA, LMRA, RICO Act, and the common law fiduciary duty. They implicate Aloise directly and indirectly implicate other candidates for high International Union office on the Hoffa Slate, including General Secretary-Treasurer Ken Hall and General President James P. Hoffa, for tolerating or actively participating in fiduciary duty breaches involving Teamster employee benefit funds, reaping such rewards as fancy golf outings to Ireland and Scotland, extravagant Playboy-style parties, and perhaps other benefits. These common law fiduciary duty violations may establish probable cause for the issuance of investigatory subpoenas into violations of ERISA's criminal provisions. These statutory

violations also violate the terms of the Final Order in *United States v. International Brotherhood of Teamsters*.¹

The IRB detailed its charges against IBT Vice President, Joint Council 7 President, and Local 853 Principal Officer Rome Aloise in 134 pages, including evidentiary items. These charges and other subsequent disclosures substantiate accusations against Aloise that, among other transgressions, he gave a Teamster employer a sweetheart contract in exchange for free tickets to an exclusive Playboy party at the New Orleans Super Bowl. The host of violations claimed by the IRB betray Aloise's contempt for members' welfare and their rights – an attitude that has been every bit as damaging to members as the misconduct of the mobsters of yore.

Conviction of such “disqualifying offenses” compels an automatic LMRDA bar from union office and other official union positions for 13 years. Yet Aloise is about to be elected by acclamation as the IBT's Western Region Vice President. And Mr. Hoffa continued to support Aloise's nomination and candidacy, without reservation, even after the Independent Review Board (IRB) sent him its fully detailed Report and Recommendations, to this day.

Attachments to this letter further show that Mr. Hoffa and the IBT have violated the Final Order, twice now, by deliberately stonewalling the processing of the IRB's formal charges against Aloise, by failing to conduct a hearing after committing to hold it, and by failing to submit written findings and actions taken on them within an extension of time granted by Independent Review Officer (IRO) Benjamin Civiletti for that purpose.

Had Mr. Hoffa held the hearing and reported written findings and actions taken on them, or formally refused to take action by May 10, 2016, within the 90 days allotted by the Disciplinary Rules, delegates to the Convention may have had an informed basis for voting on whether to nominate Aloise and other implicated candidates for International Union office at the IBT convention.

On May 18, 2016, Mr. Aloise asked Mr. Hoffa to grant a delay of the disciplinary hearing on the ground that a federal criminal investigation had been opened against him. According to the IRO, the IBT granted an indefinite delay to Aloise, on June 3, 2016. This indefinite delay was rationalized by Hoffa under an IBT constitutional provision, Article XIX, § 7(a), protecting IBT members from internal disciplinary proceedings until after final resolution of pending civil or criminal trial on the same facts.

In a July 18, 2016 letter to Mr. Hoffa, the IRO rejected the stay that he had granted to Mr. Aloise, citing a decision by the Court of Appeals that had rejected the identical argument, 15 years ago. The Court of Appeals reasoned, at that time, that this provision is unavailing to a Teamster member facing criminal investigation but not yet indicted or

¹ *United States v. International Brotherhood of Teamsters*, Filing No. 4409-1, p. 3, 6, 88-cv-4486-LAP (S.D.N.Y. 2015) (“*U.S. v. IBT*”).

formally charged. *U.S. v. IBT (Carey and Hamilton Discipline)*, 247 F.3d 370 (2d Cir. 2001). The IRO found that Hoffa had actual knowledge that this constitutional provision provides charged members who have not been either indicted or formally charged no ground for a stay of union proceeding, as held by the Court of Appeals. He found that “the Union suspended the disciplinary hearing with full knowledge of the established precedent that precluded its action.” Letter from IRO to Hoffa, at 2 (July 18, 2016).

Nevertheless, the IRO granted Hoffa another 20 days in which to schedule a “prompt hearing,” under Paragraph 33 of the Final Order, and until September 15, 2016 to complete the hearing and submit written findings and actions taken on those findings. No Union hearing was scheduled, and no findings or actions have been reported by the IBT. The IRO has now scheduled a hearing on the case, to open on October 11, 2016.

There will be no hearing on the IRB report and recommendations against Aloise before ballots are mailed. No written findings will be made, and no disciplinary actions will be taken. Members will mark their ballots without resolution or any other action on the charges against Aloise that were issued on February 10, 2016 and required to be addressed and resolved by the IBT by May 10, 2016. And when there is a resolution of those charges, possibly resulting in disqualifying disciplinary action, it will take no skin off Mr. Hoffa’s back, as the saying goes, because the IBT constitution allows him, if re-elected, to appoint his own chosen successor for the remainder of Aloise’s term as Western Region Vice President. IBT const., art. VI, § 1(a).

The Consent Decree and Final Order mechanisms have failed, in this important case. Convention delegates certified Aloise as a candidate, while his Teamsters United slate opponent narrowly failed to win certification -- by two votes. One of the Western Region Vice Presidents is now guaranteed to be Mr. Aloise, elected by acclamation. Yes, he may still be removed from office, but his removal will have no deterrent consequences for the remaining high-level officers, with Mr. Hoffa empowered to appoint another member of his privileged club to replace Aloise.

Legal Framework

Several federal criminal statutes are potentially involved in the Aloise case. These are identified and very briefly summarized here:

First, 29 U.S.C. § 186 (“Section 302”)² prohibits union officers and employees from requesting or receiving any thing of value from any “interested” employer. Specifically, Section 302(a) states that no one acting in the interest of an employer may pay, lend or deliver any thing of value to certain labor representatives. These include any representative of the employer’s employees, any officers or employees of any labor organization which “represents, seeks to represent, or would admit to members, any of the employees of such employer” or any officer or employee of any labor union if the

² 29 U.S.C. § 186 is commonly referred to as Section 302 of the Labor Management Relations Act or LMRA.

employer intends to influence him in his duties. Section 302(a). In addition, Section 302(b) prohibits any union officer or employee from requesting, demanding, receiving, accepting, or agreeing to receive or accept any payment, loan or other thing of value in violation of subsection (a). Violation of these provisions is a felony punishable by five years imprisonment and a fine of \$15,000. Section 302(c).

Second, 29 U.S.C. § 501(c) prohibits the embezzlement of union funds. It applies to “any person who embezzles, steals, or unlawfully and willfully abstracts or converts to his own use, or the use of another, any of the moneys, funds, securities, property, or other assets of a labor organization by which he is an officer, or by which he is employed, directly or indirectly.” These acts are punishable by five years imprisonment and a \$10,000 fine. 29 U.S.C. § 501(c).

Third, 29 U.S.C. § 503(a) prohibits direct or indirect loans totaling more than \$2,000 from a labor organization to any of its officers or employees. Violations are punishable by one year imprisonment and a \$5,000 fine.

Fourth, 18 U.S.C. § 664 creates fines and five-year felony penalties against “[a]ny person” who takes or uses money or any assets from plans covered by Title I of ERISA. Section 1954 creates fines and three-year felony penalties against persons representing or employed by unions, and other persons, for offering, promising, giving, receiving, soliciting, or agreeing to receive any gift, loan or thing of value because of or with the intent of being influenced with respect to any action relating to an employee benefit plan covered by Title I of ERISA.³

In addition to being crimes in and of themselves, violations of three of the four statutes listed above constitute “racketeering activity” under RICO.⁴ 18 U.S.C. §§ 1961(1)(B), (C). As discussed further below, this in turn means that they violate the terms of the Final Order in *United States v. International Brotherhood of Teamsters*.⁵

Factual Examples

There is substantial evidence in the public record that very high-ranking officials in the International Brotherhood of Teamsters have received illegal gifts and loans from interested employers and have knowingly tolerated the embezzlement of union funds.

For example, Charles Bertucio, an interested employer who became a member of Aloise’s Local 853, at Aloise’s invitation, in violation of the Constitution, has given gifts to top-ranking officials⁶ and receives substantial bonuses for business he obtains from

³ Reliable resources are <http://www.wnj.com/Publications/Staying-Out-of-Jail-Under-ERISAs-Bulked-Up-Cr>; and <http://www.seethebenefits.com/showarticle.aspx?Show=692>.

⁴ 18 U.S.C. § 1961(1)(B) includes 18 U.S.C. § 1954 in the definition of “racketeering activity,” and 18 U.S.C. § 1961(1)(C) includes 29 U.S.C. §§ 186 (“Section 302”) and 501(c).

⁵ *US v. IBT*, D.E. # 4409-1, at 3, 6.

⁶ See detailed descriptions, *infra*.

Teamsters employee benefit funds.⁷ Bertucio's client Optum RX, in an arms-length transaction, would have lost its bid for a contract with a 20,000-participant⁸ Teamster employee welfare fund, a VEBA trust, as the *highest* bidder.⁹ But Hoffa's long-time personal friend and right-hand man, Richard Leebove, jumped in, to personally monitor the bidding process,¹⁰ even though he held no position in the Teamsters, but instead was a political advisor to Hoffa, as a paid consultant.¹¹ Leebove previously served as Hoffa's campaign manager in IBT elections, and was banned from performing that work by the Election Supervisor in 1996 and then suspended in 1998 for repeated serious violations for the *Election Rules*.¹² Leebove checked in repeatedly with Aloise.¹³ International VP Aloise was a trustee of the Teamster benefit plan, along with General Secretary-Treasurer Ken Hall, International VP Bill Hamilton, Hoffa assistant Willie Smith, and International VP John P. Murphy.¹⁴ Taking advantage of his status as a trustee and co-chairman of the fund,¹⁵ Aloise passed on information from IBT Benefits Director John Slatery about the other bids to Optum.¹⁶ and intervened to ensure Optum would win the contract.¹⁷ As urged by Leebove,¹⁸ Aloise also discussed the matter with Ken Hall,¹⁹ General Secretary Treasurer in the Hoffa Administration and also Chairman of the VEBA trust.²⁰

⁷ D.E. # 4519 - Smith subpoena ¶ 6; Bertucio Tr. 28.

⁸ Aloise Tr. 109.

⁹ D.E. # 4447 - Cheiron Subpoena ¶ 14.

¹⁰ Aloise Tr., Exhs. 36, 37 (emails/texts at 5/21/13 11:22 pm, 5/22/13 5:54 am, 5/22/13 12:32 pm); *id.* Exh. 38 (meeting occurs at 1:00 pm 5/22/13). *See also* Aloise Tr. 120-22.

¹¹ Aloise Tr. 31; Aloise report, 4.

¹² *See, e.g.* "Hoffa Operative Used 'Moles,' False Identity in Teamsters Probe," *Wall Street Journal* (Dec. 23, 1997) (Leebove among those who first encouraged Hoffa to run for General Presidency, served as aide and campaign spokesman, and lied about identity to gather information concerning Carey contributors); *in re Tom Leedham Rank and File Power Slate*, 2001 EAD 415, at 1-2, 3, and nn. 2, 15-18 (Leebove provided uncompensated and therefore illegal campaign services to Hoffa campaign in 1997 and 2001 and while negotiating with potential IBT vendor on behalf of union encouraged vendor to conduct fundraiser for Hoffa campaign); Aloise Report, at 4-5 and n. 10 (Leebove accompanied Hoffa and Bertucio on European golfing vacations; IBT pays Leebove's company approximately \$130,000 per year); Aloise Tr. 31, 113 (Leebove "close" and "confidante" to Hoffa).

¹³ Aloise Tr., Exhs. 36, 37 (emails/texts at 5/21/13 11:22 pm, 5/22/13 5:54 am, 5/22/13 12:32 pm), 38 (meeting occurs at 1:00 pm 5/22/13); *see also* Aloise Tr. 120-22.

¹⁴ Aloise Tr., Exh. 38.

¹⁵ *See, e.g.*, Aloise Tr. 106, 113-14; *see also id.*, 100, 103, 104-05.

¹⁶ Aloise Tr. 114-19, 123-24, Exhs. 32, 34, 35, 39; *see also* Aloise Tr. 110-11, Exh. 30 (dinner invitation from Bertucio to Aloise 5/13/13); Aloise Tr. 105 (title for Slatery).

¹⁷ D.E. # 4447 Cheiron Subpoena, ¶10 (Cheiron allowed to submit offer after all other bidders); Aloise Tr., Exh. 35 (discussing what bid level to get from Optum to "end discussion"); Anonymous Report, at 6-7; *see also id.*, Exh. 38, at 3 (Optum bid accepted even though pricing and performance guarantees raised sufficient concerns that Hall was instructed to obtain new terms on those points); Aloise Tr. 125-26 and Exhs. 40 (Bertucio asking whether 7-day waiting period for contract award really necessary); *id.* 127-28 and Exh. 42 (unspecified "plan" for Optum, day after contract awarded); *id.* 106-09, Exh. 29 (When IBT Benefits Director John Slatery requested that the Third Party Administrator for the VEBA fund provide data about claims levels to Cheiron to share with bidders other than Optum, Aloise intervened to stop the disclosure. After a conversation between Aloise and IBT Benefits Director John Slatery, Slatery confirms that they will only provide data only for 400 IBT staff members – not the 20,000 Teamsters members covered by the full plan. The confirmation is followed by a "J" – a common email shorthand for a smiley face or Joking. The fact that data for only a very small and atypical group would be disclosed, combined with the J symbol suggests the data shared with Optum's competitors was intentionally skewed.)

¹⁸ Aloise Tr. 12-22 and Exh. 36.

¹⁹ Aloise Tr. 120-22 and Exhs. 33, 36.

²⁰ Aloise Tr., Exh. 38.

According to an anonymous report that has been verified to be accurate on a number of points,²¹ James Hoffa directed that he wanted Bertucio[’s client] to keep the contract.²²

Shortly after that bid, as well as one year before, Bertucio went on golf vacations to Europe with Hoffa, Leebove, and Hoffa’s Executive Assistant Willie Smith.²³ Bertucio denies covering the costs of the Teamster officials.²⁴ However, the anonymous report claims he did,²⁵ and court documents show that at least Willie Smith did not repay his share of the latter trip until long afterwards – and with a back-dated check.²⁶ Smith is a trustee for the VEBA trust that gave special consideration to Bertucio’s client Optum, as described above.²⁷

These facts implicate at least two of the criminal statutes discussed earlier. First, 29 U.S.C. § 1954 prohibits Bertucio from paying the costs for Hoffa, Leebove or Smith to accompany him on the European golfing vacations if there was an intent to influence their actions with respect to Teamster trusts. Although the facts suggest that Bertucio intended a gift that the parties later intended to cover up, the statute would still be violated if the parties had originally intended only a loan. Loans by an interested employer (Bertucio) to an ERISA fund (the VEBA trust) are independently crimes under 29 U.S.C. § 186(a)(4).

Second, Bertucio falls within the scope of Section 302. He has recognized Teamsters Local 853 (led by Rome Aloise) as the representative of his employees, and it has admitted his employees – as well as Bertucio himself, an interested employer -- as members,²⁸ in violation of Section (a)(1) and (2).²⁹ The statute also prohibits to any gift or loan to an employee or officer of a union made “with intent to influence him in respect to any of his actions, decisions or duties.” Section 302(a)(4).

The Independent Review Board has documented that Local 853 entered into the recognition agreement without any showing of support from Bertucio’s employees³⁰ and does not actually conduct meaningful collective bargaining on their behalf.³¹ The IRB’s position that Bertucio’s recognition of Local 853 violated the National Labor Relations

²¹ Compare Anonymous Report, at 6-7, with *US v IBT* D.E. # 4447 (¶¶ 10-14) and 4519 (¶¶ 9-17) and other sources discussed below. Compare Anonymous Report, at 1-3, with D.E. # 4486 (¶¶ 8-11) and 4514 (¶¶ 5-8).

²² Anonymous Report, at 6-7.

²³ Aloise Report, at 4-5 and n. 10; Bertucio Tr. 29-33.

²⁴ Bertucio Tr 33.

²⁵ Anonymous Report, at 6-7.

²⁶ D.E. # 4519, pars 13-17 (Smith claimed to have repaid Bertucio for his share of the trip with check No. 6082 dated July 10, 2014 but that check was more than 30 checks later in the check numbering sequence than one dated October 28, 2014). The IRB has pinned down the date Smith’s repayment for another golf trip to be November 13, 2015 – a date after Bertucio’s sworn examination by the IRB. *Id.* ¶16. See also Anonymous report, at 6-7.

²⁷ Aloise Tr. 1 and Exh. 38.

²⁸ Aloise Report, at 5-6.

²⁹ 29 U.S.C. §§ 186(a)(1), (2).

³⁰ Aloise Report, at 8-10.

³¹ Aloise Report, at 5-27, especially 11-16.

Act³² and was meant to benefit Bertucio and Aloise rather than the covered employees³³ emphasizes the conflict-of-interest concerns underlying Section 302.

Bertucio has also acknowledged hiring Geoffrey Hoffa, son of General President James Hoffa, “to help me with introductions” to [Teamster member benefit] funds.³⁴ Bertucio’s admission reinforces the conclusion that there is an expectation both within *and even outside*³⁵ the Teamsters union that decisions about members’ trust fund money may easily be made based on personal relationships, rather than the interests of the members. It also again implicates 18 U.S.C. § 1954 and Section 302, as the granting of employment is a thing of value that is explicitly barred not only for union officers and employees, but also for their family members, as well. The giving of employment by an interested employer to a union officer’s family member for the purpose of influencing decisions about an ERISA fund is a federal felony under the Taft-Hartley Act Section 302, 29 U.S.C. § 186, and ERISA, 18 U.S.C. § 1954.

Hoffa’s Executive Assistant Willie Smith accepted Playboy Super Bowl party tickets that Aloise had obtained from Teamster employer, Southern Wine and Spirit Liquor, in exchange for Aloise forcing contract concessions on a local.³⁶ SWS’s attorney instructed his client to thank Aloise for the bargaining intervention in the same email in which he reported Aloise had requested the tickets.³⁷ Aloise in turn took these actions in response to requests or instructions from Smith and Leebove.³⁸ When Smith granted Aloise permission to travel to Paris on union funds, Aloise reassured him he was working on the tickets.³⁹ Aloise explicitly told Smith that the owner of SWS had obtained the tickets for them.⁴⁰ One would be hard-pressed to distinguish such conduct from Mob corruption. They are indistinguishable in all ways but the name.

Smith and Aloise violated Section 302(b) by soliciting and accepting a thing of value⁴¹ from SWS, an interested employer. The *quid pro quo* intent is clear from the email chains cited,⁴² although not an essential element of the offense.

When the IRB (subsequently IDO) asked the IBT to take action against Aloise for these acts and others, Hoffa did schedule a hearing, but then requested an extension and later granted, indefinitely, Aloise’s request for a stay. As vehemently pointed out by the IDO,

³² Aloise Report, at 10 citing *International Ladies’ Garment Workers’ Union v. NLRB*, 366 U.S. 731, 738-39 (1961); see 29 U.S.C. § 158(a)(2).

³³ Aloise Report, at 25-26.

³⁴ Bertucio Tr. 36-37; see also Anonymous Report, at 6.

³⁵ Bertucio was never a working Teamster, but was invited to become a member by Aloise, as a personal favor.

³⁶ Aloise Report, at 29-34; Aloise Report Exhs. 78, 83, 84, 85, 90.

³⁷ Aloise Report Exh. 78, at 6.

³⁸ Aloise Report Exh. 90 (Aloise asks Smith “Is this the one?” to which Smith responds yes and asks that Aloise get him in); Aloise Report Exh. 83 (Aloise confirms correct party with Leebove).

³⁹ Aloise Report Exhs. 84, 85.

⁴⁰ Aloise Report Exh. 90; see also Aloise Report, at 33.

⁴¹ The IRB estimated the value of the six tickets at \$9,600 based on the secondary market price for tickets to the event. Aloise Report, at 34-35.

⁴² Aloise Report, at 29-34; Aloise Report Exhibits 78, 83, 84, 85, 90.

there was no legal justification whatever for Hoffa's stay of the Union proceeding, given the 15-year-old Court of Appeals decision in this case, referenced earlier in this letter.⁴³ And, while the IDO have by now scheduled their own hearing on the matter, there is no possibility that the matter will be resolved in time for members to take the IDO decision into account in deciding how to exercise their voting rights: Ballots are scheduled to be mailed on October 6, 2016, five days before the opening of the IDO hearing on October 11, 2016.⁴⁴

The anonymous report that described the Optum bid above and other matters now confirmed by the IRB⁴⁵ also states that IBT Election Project Coordinator⁴⁶ Nicole Brener Schmitz agreed with two professional non-IBT political fundraisers Bruce Kieloch and Chuck Rocha to direct contributions by the IBT to their clients as repayment for loans they'd given her.⁴⁷ The IRB has documented that Brener Schmitz was four times required to repay the Union for Union funds she spent on personal expenses.⁴⁸ She has also admitted falsifying receipts.⁴⁹ Yet she was repeatedly allowed to continue in her position.⁵⁰ The anonymous report states that Hoffa was aware of her pattern of embezzling union funds, but nevertheless intervened to prevent Brener Schmitz's termination.⁵¹ It is hard to imagine how Hoffa and Hall would not have been made aware of her officially reported crimes against the Union.

The spending of union funds on personal expenses and submitting of false receipts violate 29 U.S.C. § 501(c). The fact that Brener Schmitz submitted false receipts makes obvious her intent to steal rather than borrow the funds, but even a loan would have violated 29 U.S.C. § 503, since the amounts at issue totaled well over \$2,000. If, as indicated by the anonymous report and common sense, Hoffa and Hall were aware of and tolerated the transactions, they too have violated 29 U.S.C. § 503.

⁴³ Corresp. from IRO to James P. Hoffa (July 18, 2016).

⁴⁴ Compare IDO Notice of Hearing dated August 9, 2016 with <https://www.ibtvote.org/important-dates>.

⁴⁵ Compare Anonymous Report, at 6-7, with sources cited above regarding Optum bid and golf trips, D.E. #s 4447 (¶¶ 10-14), 4519 (¶ 9-17). Compare Anonymous Report, at 1-3, with D.E. #s 4486 (¶¶ 8-11), 4514 (¶¶ 5-8).

⁴⁶ Ms. Brener Schmitz is listed as "Election Project Coordinator" on the LM-2 forms filed by the IBT. She lists herself as "Political Director" on her Facebook page (<https://www.facebook.com/nicole.brenerschmitz?fref=ts>); see also <http://www.wand.org/trainings-events/wand-will-conference/2015-conference-women-at-the-tables-of-power/2015-speakers/>.

⁴⁷ Anonymous Report, at 1-2. The Teamsters PACs have reported to the FEC contributions to PACs associated with both Kieloch and Rocha. See, e.g. December 2013 Monthly Report of D.R.I.V.E. PAC, FEC PAC No. C00032979, \$100,000 to Senate Majority PAC and \$2,500 to Huffman for Congress on November 15, 2013; 2014 Post-General Report, \$100,000 to VoteVets on October 22, 2014. According to the Anonymous Report, Rocha is barred from doing business with unions under Section 504 of the LMRDA due to an embezzlement conviction, but he continues to do so using subcontracting arrangements. Compare Anonymous Report, at 2 (Rocha barred from doing business with unions due to embezzlement conviction but does so through subcontracting arrangements), and Anonymous Report, at 9-14 (Corresp. from U.S. Department of Labor [Sept. 9, 2013], announcing LMRDA, § 504 bar), with contributions to Vote Vets listed in FEC reports for D.R.I.V.E. and <http://solidaritystrategies.com/about/our-staff/> (listing VoteVets as client of Rocha). VoteVets reports no transactions apart from media purchases either to the FEC or the IRS. FEC filings for PAC No. C90010620; IRS Form 8872 filings for EIN 71-0993645.

⁴⁸ D.E. # 4514 (par. 5-8); see also Filing 4486 (par. 8-11).

⁴⁹ D.E. # 4514 (par. 5).

⁵⁰ *Id.* ¶¶ 6-7); see also Anonymous Report, at 1-2.

⁵¹ Anonymous Report, at 2-3.

The anonymous report that was confirmed as described above also includes numerous additional allegations that have not yet resulted in any investigation or documentation being made known to the public.

For example, it alleges that when IBT Trustee John Steger conducted expense account audits on three of Hoffa's senior staff (Todd Thompson, Christy Bailey and Ed Baptiste), the findings were never acted upon and, instead, Steger was removed from the 2011 Hoffa slate at the suggestion of Bailey and Thompson.⁵²

It also alleges that the IBT PAC purchases large numbers of Super Bowl tickets for only a few IBT attendees. The remaining tickets are resold or given to friends and family of IBT officials.⁵³

As a final example, the anonymous report alleges that Hoffa's Special Assistant Todd Thompson insisted that hotels receiving IBT business provide off-the-books gifts to himself and other officials and their families, such as gambling chips, other entertainment, and referral fees.⁵⁴ It names several potential witnesses who left or were pressured to leave their employment due to their disagreement with these practices.⁵⁵

Conclusion

At present, the United States Attorney is on record praising the IBT's (and thus the Hoffa administration's) "substantial progress" and "significant success" in eliminating corruption.⁵⁶ These statements and the US Attorney's agreement to end federal oversight of the Teamsters have thus actually enabled Hoffa to campaign on the claim – a false one -- that he had ended corruption, by putting a USA seal of approval on the claim.⁵⁷

The IRB (now IDO) has already done substantial work investigating the violations, described above but the remedies available to it are more limited than those available in a judicial proceeding, which culminate in a formal conviction that compels application of the 13-year bar. The US Attorney has available the substantial public documents described above, and presumably even more substantial non-public evidence gathered by the IRB. Yet there is no public information suggesting the US Attorney has taken any action.

⁵² *Id.*, at 3.

⁵³ *Id.*, at 4.

⁵⁴ *Id.*, at 4-6.

⁵⁵ *Id.*

⁵⁶ D.E. # 4409-1, at 2.

⁵⁷ An official Teamsters press release on the day of the Final Order quoted Hoffa as saying "We can proudly declare that corrupt elements have been driven from the Teamsters and that government oversight can come to an end." <https://teamster.org/news/2015/02/judge-approves-agreement-ending-government-oversight-teamsters-union>.

The central logic of the consent decree, including as recently revised, is that democracy is the best cure for corruption.⁵⁸ The cure cannot work if evidence of corruption is withheld from Teamster members until after their election. Nor is it easy to impose other full remedial actions immediately after the respondents' election to office -- a process that the USA is highly motivated to honor.

But all of the allegations detailed above constitute serious violations of federal criminal statutes and RICO. Since the Final Order includes a permanent injunction against racketeering activity as defined in RICO, the acts described above violate the Final Order.⁵⁹ Moreover the Final Order specifically provides that the US Attorney may seek modification of the order upon a preponderance of evidence showing that the IBT has violated the Order.⁶⁰

We urge the US Attorney to pursue the criminal cases described above and to seek appropriate modification of the Final Order. It should take prompt, vigorous and open action.

The actions requested above will help to restore the confidence of Teamster members in the Government's impartiality in this case. It will also fulfill the US Attorney's mandate to enforce both the terms of the Final Order and the underlying federal criminal statutes.

Very truly yours,

/s/

Barbara M. Harvey, Esq.
1394 East Jefferson Avenue
Detroit, Michigan 48207

/s/

Cathy Hight, Esq.
Hight Law LLC
1022 SW Salmon St. Suite 407
Portland, Oregon 97201

cc: Preet Bharara, Esq., United States Attorney

⁵⁸ D.E. # 4409-1, at 1-2, 6-8.

⁵⁹ *Id.*, at 3.

⁶⁰ *Id.*, at 6.