

# INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JAMES P. HOFFA  
General President

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Washington, DC 20001



KEN HALL  
General Secretary-Treasurer

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January 9, 2015

Mr. John J. Cronin, Jr., Administrator  
Independent Review Board  
444 North Capitol Street, N.W., Suite 528  
Washington, D.C. 20001

Re: Charges against former Local 710 officers Larry Alexander and  
Kevin Wagoner

Dear Mr. Cronin:

I have reviewed your letter dated December 30, 2014, in which you advised me that the Board had found the sanctions I imposed against Messrs. Alexander and Wagoner to be inadequate. After giving the Board's position and its reasoning careful consideration, I have decided to revise the sanctions I previously adopted from the hearing panel's recommendations as follows:

Brothers Wagoner and Alexander have been previously removed from their positions as officers of Local 710. They will be permanently disqualified from holding any office in Local 710, or successor to Local 710.


Brothers Wagoner and Alexander are not disqualified from holding any office in any other IBT affiliate, provided they are otherwise eligible to do so, are not disqualified from holding employment with Local 710 or any other IBT affiliate and are not disqualified from retaining membership in Local 710 or from serving as Union stewards.

These revised sanctions will take effect immediately.

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Please advise if the Board has any questions or further concerns.

Sincerely,

  
James P. Hoffa  
General President

JPH/brc

cc: Larry Alexander  
Kevin Wagoner  
Charles M. Carberry, Esq.  
Tara LaMorte, Esq.  
John T. Coli, International Vice President

**REPORT AND RECOMMENDATIONS OF HEARING PANEL  
APPOINTED TO HEAR CHARGES AGAINST FORMER LOCAL 710  
OFFICERS LARRY ALEXANDER AND KEVIN WAGONER**

**Introduction**

On August 15, 2014, the Independent Review Board (“IRB”) issued a report and recommendation to Local 710 Trustee John Coli that former Local 710 officers Michael Sweeney, Gerald Pauli, Charles DeCola, Larry Alexander, Anthony Lamy and Kevin Wagoner be charged as follows:

While serving as officers and members of Local 710 between October 2008 and September 2013, you brought reproach on the IBT and breached your fiduciary duty to protect the members’ assets in violation of Article II, Section 2 (a) and Article XIX, Section 7 (b) (1) and (2) of the IBT Constitution by failing to inquire when necessary into the principal officer’s purchase and disposition of gift cards, approving in November of 2011 the purchase of gift cards and approving in January 2013 the delegation of blanket authority to the principal officer to dispose of “surplus items,” without inquiring into what these “surplus items” comprised or their value.

On August 20, 2014, Trustee Coli referred the charges to General President Hoffa, who on August 21, 2014 adopted and filed them, without making any judgments as to the underlying merits. Subsequently General President Hoffa appointed a Hearing Panel (“Panel”) comprised of the following uninvolved members: Robert Mele, President of Local 988, Gary Dunham, Secretary Treasurer of Local 238 and Michael Simeone, Secretary Treasurer of Local 17. Brother Mele was designated to serve as the Panel’s chair. The Panel was given the responsibility of hearing the evidence and making a full report to General President Hoffa.

By letters dated September 24, 2014, General President Hoffa notified Brothers Sweeney, Pauli, DeCola, Alexander, Lamy and Wagoner that a hearing on the charges was scheduled for October 15, 2014 at the offices of Teamsters Joint Council 25, which are located at 1300 W. Higgins Road, Suite 200, Park Ridge, Illinois.

Prior to the hearing, Brothers Sweeney, Pauli, DeCola and Lamy each executed settlement agreements resolving the charges against them which have been submitted to IRB for its consideration. The DeCola and Lamy agreements have been approved by IRB. The Sweeney and Pauli agreements are pending. Accordingly, only the charges against Brothers Alexander and Wagoner were presented to the Panel at the hearing on October 15, 2014.

The hearing was conducted, as scheduled. Brothers Alexander and Wagoner were both present, and had the opportunity to submit evidence and testimony, to cross examine witnesses and to present arguments in support of their positions. The charges were presented by Roland R. Acevedo, Esq.

The following findings and recommendations of the Panel are based on the entire record in this case, including exhibits and sworn testimony appended to IRB's report, the transcript of testimony at the Panel hearing, other documents entered into evidence, the Panel's consideration of the witnesses' testimony and demeanor at the hearing and the arguments made in support and against the charges.

### **Background**

Local 710's office is located in Mokena, Illinois. It has approximately 14,000 members. It was placed into trusteeship on or about July 30, 2014, based on a recommendation from the IRB.

#### **Larry Alexander**

Prior to the trusteeship, Larry Alexander was a Trustee of Local 710. He has been a member of the IBT since 1978. He is employed full time by Holland Motor Freight, and had served as a Trustee since 2003. He has also served as a union steward for 35 years.

#### **Kevin Wagoner**

Kevin Wagoner was also a Trustee of Local 710 prior to the trusteeship. He has been a member of the IBT since 1987. He is employed full time at United Parcel Service, and has served as a Trustee since 2008. He has also served as a union steward.

### **Summary of IRB's Evidence Supporting the Charges**

Between October 2008 and September 2009, members of the Local 710 Executive Board, including both Brothers Alexander and Wagoner, authorized the Local's Principal Officer to expend thousands of dollars of Local Union funds to purchase gift cards. This authorization was provided without requiring accountability for the number of cards purchased, ensuring that the number of cards purchased matched the stated purpose for the cards or verifying the disposition of the cards.

For example, at an Executive Board meeting conducted in November of 2011, which both Brothers Alexander and Wagoner attended, the purchase of 1,000 \$25 gift cards was unanimously approved by the Executive Board. The minutes of the meeting state that the cards were intended for distribution at the November membership meeting. The record reflects that 598 members attended the November 2011 membership meeting, which was an unusually high turnout. Each member filled out a meeting attendance card which, at the end of the meeting, was exchanged for one \$25 gift card. There was no accounting by the Principal Officer for the approximately 400 undistributed gift cards, which were worth \$10,000, and no evidence that any members of the Executive Board, including Brothers Wagoner and Alexander, even asked about them.

It is also clear from the record that at an Executive Board meeting in January of 2013, the Executive Board, including Brothers Alexander and Wagoner, unanimously approved a resolution giving the Local's Principal Officer the authority "to distribute to, or use for, the Membership, surplus items as he deems appropriate, which were previously purchased for specific occasions throughout the year, and approved for [sic] by the Executive Board." There is no evidence that any member of the Executive Board inquired into what these "surplus items" comprised.

### **Arguments presented at the hearing.**

At the hearing before us, Brother Wagoner asserted that when the Executive Board was asked to approve the purchase of 1,000 gift cards in November of 2011, it was initially advised that the cards were to be distributed at the November and December membership meetings in that year, and that the members of the Executive Board thus had no reason to view the amount of cards purchased as unusual or suspect. Nevertheless, when the minutes were prepared for the November 2011 Board meeting, and approved at the December 2011 Board meeting, the gift card purchase referenced only the November 2011 membership

meeting. To the extent the minutes approved for the November 2011 meeting reflected something inconsistent with what Brothers Wagoner and Alexander recalled being told at the meeting, it is undisputed that neither of them questioned this or sought clarification. Brother Wagoner has candidly conceded that “by rights [we] should have asked about it.”

Brother Wagoner additionally asserted that he had always been opposed to “the giveaways.” He introduced a draft of a letter to this effect, which he says he prepared in 2009. The problem with this contention is that there is no evidence in any of the Local’s records that this opposition was raised by Wagoner or Alexander at any Executive Board meetings, or otherwise.

Finally, Brother Wagoner noted that two members of the Executive Board, Brothers DeCola and Lamy, were charged with the same offense as was he and Brother Alexander, and they are “still working” for the Local. To the extent he is suggesting that DeCola and Lamy received favorable treatment, he has failed to consider the fact that both of them have permanently waived their right ever again to hold or run for office in Local 710 or any other IBT affiliate. And, of course, he has also failed to consider the facts that Brother DeCola was not a member of the Executive Board when the resolution to purchase 1,000 gift cards was approved in November of 2011 and that Brother Lamy was not a member of the Executive Board when the authorization to distribute or use unused gift cards was adopted in January of 2013.

### **Analysis and Recommended Conclusions**

The evidence shows, and Brothers Wagoner and Alexander effectively concede, that they failed to exercise their responsibilities as Local Union Trustees with respect to monitoring the Principal Officer’s purchase and distribution of gift cards. The ultimate result was that just under \$60,000 worth of gift cards could not be accounted for.

We are not, in this regard, persuaded that asserted confusion at the Executive Board meeting in November of 2011 over whether the Board was being asked to approve cards for distribution at one or two membership meetings establishes a significant mitigating circumstance. Both Brothers Wagoner and Alexander concede that when the minutes for the meeting were prepared and approved, they did not make inquiry about the disposition of approximately 400 gift cards they had authorized to be purchased, but were not distributed at a second membership meeting.

We recognize that Local Union officers in their position may find it awkward to challenge the actions of a popular and long term principal officer. But, verifying that Union funds were used for the sole and exclusive benefit of the membership lies at the very core of their responsibilities as members of the Local's Executive Board.

Accordingly, we recommend that the charges that Brothers Wagoner and Alexander breached their fiduciary duty by failing to monitor or inquire into the purchase and disposition of gift cards be sustained.

### **Recommended Penalties.**

In formulating penalties in disciplinary cases brought under the IBT Constitution we are guided by principles of "just cause." This means we will consider factors such as the nature and seriousness of the offense, the member's prior service and disciplinary record, the member's position in the Union and the existence of any mitigating circumstances. Progressive discipline may be appropriate in some situations.

The charged offenses here clearly warrant removal of Brothers Wagoner and Alexander from office. Although neither was a full time officer of the Local, both were experienced Union officials. Both concede they had been through training provided by the IBT with respect to their responsibilities as officers. To the extent they have pointed out that IBT training did not discuss the subject of gift cards, we do not believe that fact would change their duty to ensure that these valuable items were monitored and protected. Brother Wagoner concedes that gift cards are the equivalent of cash, and that they should have been treated as cash.

We are unaware that any of the charged members have previously faced disciplinary charges under Article XIX of the IBT Constitution, and we acknowledge that the charges here involve no claim that either of them acted or failed to act in order to enrich himself at the members' expense.

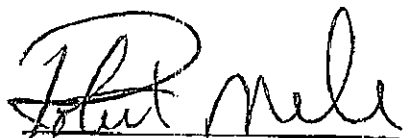
In these circumstances, we believe the following penalties are appropriate:

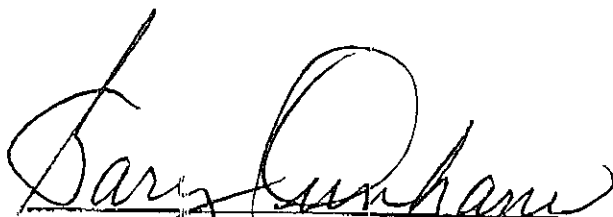
- Brothers Wagoner and Alexander have been previously removed from their positions as Local Union officers. We believe they should be remain disqualified from holding any office or employment (including as an independent contractor or consultant) in Local 710, the IBT or any

other affiliate of the IBT for a period of three years starting with the date of this report. This means that they shall not seek or accept any office or employment (including as an independent contractor (or consultant) in Local 710, the IBT or any other affiliate of the IBT for the three year period described above.

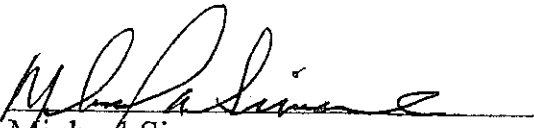
- In addition, during the foregoing three year period, Brothers Wagoner and Alexander shall receive no payments, salary, gratuities, gifts, severance payments, allowances, fees, benefit payments or contributions or any other compensation of any kind from Local 710 or any other IBT affiliated entities, except that they may receive any pension, vacation or other benefits from existing benefit plans or programs maintained by Local 710 or other IBT affiliated entities that have vested or accrued prior to their removal from office. They may also receive compensation during this three year period in connection with any service they may perform as employees covered under a collective bargaining agreement negotiated or administered by Local 710 or any other IBT affiliate.
- We do not, however, believe that suspending Brothers Wagoner and Alexander from Union membership or barring them from serving as Union stewards during this three year period is warranted. In this regard, we do not believe that permitting them to remain active members of the Union and to continue representing members in the workplace presents any risk to the members' assets or property. We are also mindful that more severe measures have not been imposed against officers charged with similar fiduciary breaches. E.g., Falzone and Marcatante (December 15, 2009).

SO UNANIMOUSLY DECIDED AND RECOMMENDED, on November  
\_\_, 2014.

  
\_\_\_\_\_  
Robert Mele

  
\_\_\_\_\_  
Gary Dunham



  
Michael Simeone