

**REPORT TO ALL MEMBERS
OF THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS**

FROM: The Independent Disciplinary Officers

Hon. Barbara S. Jones
Robert D. Luskin, Esq.

DATED: July 31, 2024

I. INTRODUCTION

The following is Magazine Report 2 of the Independent Disciplinary Officers ("IDO") for 2024 regarding activities from May 24, 2024, through July 31, 2024, conducted pursuant to the Final Agreement and Order of February 17, 2015.

II. PROGRESS OF EXISTING MATTERS

A. Steve Beck, Stu Helfer, Stacy Murphy, Lou Valletta, Scott Gonsalves, Joel Bellison, and Mike Fritz (Local 853) Dave Hawley, Carlos Borba, Mark Gleason, Peter Nuñez, and Doug Block (Joint Council 7); and Jason Rabinowitz (Local 2010)

As previously reported, on July 18, 2023, the IIO issued a report to the IBT General President recommending charges against the above-captioned respondents. The IIO recommended that Respondents Beck, Helfer, Murphy, Hawley, Borba, Gleason, Nuñez, Bloch, and Rabinowitz be charged with failure to cooperate with the independent disciplinary process by knowingly enabling former International Vice President Rome Aloise to exercise authority from which he was suspended by order of the

Independent Review Officer. The IIO further recommended that Respondents Beck and Murphy be charged with bringing reproach upon the IBT by making false statements in the Independent Disciplinary process. The IIO further recommended that Respondents Helfer, Murphy, Valletta, Gonsalves, Bellison, and Fritz be charged with bringing reproach upon the IBT by permitting and making expenditures of Union monies without proper authorization.

1. Resolutions Previously Reported

As of the previous report, the IRO had approved proposed settlements between the IBT and the following respondents:

Murphy:	13 months suspension from IBT positions
Valetta:	30 days suspension from IBT positions
Gonsalves:	30 days suspension from IBT positions
Bellison:	30 days suspension from IBT positions
Fritz:	30 days suspension from IBT positions
Hawley¹:	5 years suspension from IBT positions
Bloch:	6 months suspension from IBT positions
Nuñez:	2 months suspension from IBT positions
Gleason:	2 months suspension from IBT positions
Borba:	2 months suspension from IBT positions
Rabinowitz:	60 days suspension from IBT positions

¹ The settlement with respect to Hawley contemplated both the IIO-recommended charge as well additional charges brought by the IBT.

Under all the agreements, suspension does not affect membership or continuous good standing provided dues are paid. Each for the duration of his or her suspension agreed not to accept any form of compensation from IBT entities except salary or benefits earned, accrued, or vested prior to the effective date of suspension. Each agreed for the duration of his or her suspension to refrain from involvement in the affairs of any IBT entity and not to serve as an employee or consultant of any IBT entity, whether paid or unpaid.

2. Steve Beck

A hearing was held before an IBT Panel on November 14, 2023 with respect to respondent Steve Beck. The Panel rendered an opinion sustaining both charges against Beck and recommending a penalty of 12 months suspension from office , which findings and recommendations the General President adopted on February 23, 2024.

Pursuant to Paragraph 33 of the Final Order, the IRO has the authority to review IBT disciplinary decisions in matters referred by the IIO.

On July 2, 2024, the IRO issued an opinion finding that the reliable evidence supported only the charge of enabling Aloise to violate his suspension, and that contrary to the Panel's

finding, the charge of making false statements during an IIO sworn examination was not supported by the reliable evidence. The IRO therefore found the Panel's penalty of 12 months suspension from office and employment was "inadequate." The IRO further found that a penalty of 6 months suspension from office and employment was appropriate and consistent with prior disciplinary precedent. A complete copy of the IRO's findings is attached as a supplement to this Report.

On July 3, 2024, the General President issued revised findings and a revised penalty consistent with the IRO's opinion, and the matter is closed with respect to Respondent Beck.

3. Stu Helfer

The adequacy of the IBT's response to the charges against Helfer is before the IRO.

III. NEW MATTERS

A. Local 896 Principal Officer Phil Cooper and Office Manager and Recording Secretary Darlene Bradley.

On June 24, 2024, the IIO issued a report to the IBT General President recommending charges against Phil Cooper (Principal Officer) and Darlene Bradley (Office Manager and Recording Secretary) of Local 896 in Pasadena, CA. The IIO recommended that Cooper be charged with failing, in general, to enforce internal accounting controls by permitting and condoning Local 896's

bookkeeper to disburse union funds by electronic funds transfer (EFT) without obtaining required written authorizations or signatures from designated local officials, and in particular, by permitting Bradley to issue EFTs to herself in sums greater than were authorized. The IIO correspondingly recommended that Bradley be charged, in general, with disbursing union funds via EFT without obtaining required written authorization or signatures of designated local officials, and in particular, by paying sums to herself by EFT that were greater than were authorized. The IIO further recommended that Bradley be charged with failure to cooperate with the Independent Disciplinary process by making false statements at an IIO sworn examination concerning the transactions at issue.

The full charge referral has been published as a supplement at <https://irbcases.org/>, under the IDO Magazine Reports section of the website.

Pursuant to Paragraph 32 of the Final Order, the General President is required within 90 days of the IIO's referral (i.e., by Monday, September 23, 2024) to file with the IRO written findings setting forth specific actions taken and the reason for such actions.

IV. ONGOING INVESTIGATIONS

The IIO is currently conducting a number of investigations throughout the country. The IIO has also received and processed approximately 60 additional reports of alleged improprieties during the time period of this report.

The IDOs do not comment on ongoing investigations or identify areas or conduct under investigation until a formal recommendation of charges is served upon the IBT pursuant to the Final Order.

V. TOLL-FREE HOTLINE

Activities which should be reported for investigation include, but are not limited to, association with organized crime, corruption, racketeering, embezzlement, extortion, assault, or failure to investigate any of these.

To ensure that all calls are treated confidentially, the system which records hotline calls is located in a secure area on a dedicated line accessed only by an Investigator. Please continue to use the toll-free hotline to report improprieties that fall within IIO jurisdiction by calling 1-800-CALL-472 (800-225-5472).

V. CONCLUSION

The task of the IDO is to ensure that the goals of the Final Agreement and Order are fulfilled. In doing so, it is our desire to keep the IBT membership fully informed about our activities through these reports. If you have any information concerning

allegations of wrongdoing or corruption, you may call the toll-free hotline number, or write to the Independent Investigations Officer Robert D. Luskin at:

Office of the Independent Investigations Officer
1515 N. Courthouse Rd, Suite 330
Arlington, VA 22201

INDEPENDENT DISCIPLINARY OFFICERS

1515 North Courthouse Road, Suite 330
Arlington, VA 22201
Telephone (571) 347-1055
Email: info@idoiio.org
Corruption Hotline (800) CALL-472

Independent Review Officer
Hon. Barbara S. Jones (Ret.)

Independent Investigations Officer
Robert D. Luskin, Esq.

July 2, 2024

Via Electronic Mail

David Suetholz
General Counsel
International Brotherhood of Teamsters
25 Louisiana Avenue, N.W.
Washington, DC 20001

Re: Charges Against Steve Beck

Dear Mr. Suetholz:

On February 23, 2024, I received the Report and Recommendation of the IBT Hearing Panel (“Panel Report”) appointed to hear the charges against Local 853 member Steve Beck. Pursuant to Paragraph 33 of the Final Agreement and Order (“Final Order”), approved on February 17, 2015, in *United States v. International Brotherhood of Teamsters, et. al.*, 88 Civ. 4486 (LAP), I write to notify you of my determination that the Panel Report is “inadequate” in part and “not inadequate” in part.

Please respond in writing within twenty days of receipt of this letter as to what, if any, additional actions the IBT has or will take to correct the deficiencies that I have identified. See Final Order ¶ 33.

I. Background

The Charge Report against Steve Beck was issued by the Independent Investigations Officer (“IIO”) on July 18, 2023, and adopted by General President O’Brien on August 16, 2023. On November 14, 2023, the Panel conducted a hearing on the charges with respect to Beck and, on February 23, 2024, the Panel rendered its decision in a written opinion. On March 27, 2024, I received submissions from counsel for Beck regarding the adequacy of the Panel’s findings. On April 10, 2024, I received the IIO’s position on the adequacy of the Panel’s findings along with prior disciplinary opinions to consider as precedent. On April 19, 2024, I received replies to the IIO’s position from counsel for Beck. On April 24, 2024, I received the IBT’s submission on this matter.

In addition, I have reviewed the Charge Report and its exhibits, transcripts of sworn examinations, the post-hearing briefs submitted to the Panel, the Panel hearing transcript as well as the exhibits submitted to the Panel during the hearing.

II. The Charge Report

The Charge Report contains two charges against Beck. First, it alleges that Beck knowingly circumvented, frustrated, evaded, and disregarded an order of the Independent Review Officer (“IRO”) by discussing Teamster business with Rome Aloise, a suspended officer, in connection with labor negotiations for employers in the liquor and cannabis industries. *See* Charge Report at 1 and 15-22. These acts, if substantiated, would constitute a failure to cooperate with the independent disciplinary process of the Final Order and the IBT Constitution and thereby bring reproach upon the IBT and violate his oath as a member and officer. *See* IBT Const. Art. II, Section 2(a); Art. XIX, Sections 7(b)(2),(5) and 14(a).

Second, Beck was charged with making false statements under oath during the IIO’s investigation. *See* Charge Report at 1-2. In this regard, the Charge Report alleges that Beck failed to cooperate with the independent disciplinary process of the Final Order and the IBT Constitution by providing material evidence under oath that he knew to be false, thereby bringing reproach upon the IBT and violating his oath as a member and officer. *See* IBT Const. Art. II, Section 2(a); Art. XIX, Sections 7(b)(2),(5) and 14(a).

III. The Independent Review Officer’s Findings

Beck became a member of the IBT in 1990. *See* Charge Report Ex. 28 at 4:19-20. After working as a member at a UPS facility in northern California, Beck became employed at Southern Glazer Wines and Spirits (“Southern Wines”). *Id.* at 7:19-8:1-3. Beck worked at Southern Wines for over 20 years, first in the warehouse and then in the customer service and sales departments. *See* November 14, 2023, Panel Hearing Transcript (“Hearing Tr.”) at 274:12-275:5. Beck also became a shop steward representing members at Southern Wines. *Id.*

In April 2015, Beck was appointed to serve as a business agent for Local 853 by Rome Aloise, the principal officer at the time. *Id.* at 275:9-10. As a business agent, Beck was responsible for representing Local 853 members working at a variety of employers, which included Southern Wines as well as employers in the cannabis industry. *See* Charge Report Exhibit 28 at 11:1-13 and Hearing Tr. 317:17-318:1-319:3.

In July 2017, Southern Wines and the Teamsters commenced labor negotiations regarding a new compensation program called the Quota Incentive Pay Program (“QIPP”). *See* Charge Report Exhibit 29. The QIPP impacted union members’ salaries. *See* Charge Report ¶ 26 and Charge Report Exhibit 29. At the time, both Aloise and Beck were responsible for representing Teamster interests in negotiations regarding the new compensation program. *See* Charge Report Exhibit 29.

On December 22, 2017, the IRO suspended Rome Aloise for two years from his positions as International Vice President, President of Joint Council 7, and Secretary-Treasurer and Principal Officer of Local 853. *See* Charge Report Exhibit 3. Accordingly, Aloise was prohibited from holding any position, elected or appointed, with the IBT, Joint Council 7, Local 853, or any other IBT affiliate during that two-year period. *Id.*

Following the suspension, Beck took the lead in representing Local 853's interests in the QIPP negotiations. *See* Hearing Tr. 383:5-21.

A. The QIPP Negotiations

With respect to the QIPP, the Charge Report alleged that Aloise remained "heavily involved behind the scenes" in connection with the QIPP negotiations and that Beck, in violation of the IRO's order, continued to work with Aloise on the matter. *See* Charge Report ¶ 27. The evidence in support of this charge primarily consists of travel and hotel records and testimony from other members establishing that Beck and Aloise were in the same location at around the same time during certain meetings concerning the QIPP negotiations. *See* Charge Report Exhibits 31-36, 39-40.

Specifically, in March 2018, Beck was at a dinner with Aloise in Chicago at the same time a conference was being held to learn about the QIPP program. *Id.* In addition, in July 2018, Beck and Aloise were both in Santa Ana, California where a mediation regarding the QIPP program was taking place. *Id.*

Beck denied discussing the QIPP or other Teamster business with Aloise in Chicago and also denied meeting with Aloise or discussing the negotiations with him in California. *See* Hearing Tr. 297:25-298:2-16; 302:15-23; 305:11-17; 312:16-23; 317:1-4; 385:9-15. Beck also submitted evidence to corroborate his claim. *See* Beck Exhibits 2-4; *see also* Hearing Tr. 174:4-176:10; 266:5-267:14. The Panel did not credit Beck's testimony or his exhibits. Instead, it found there was sufficient evidence that "strongly" suggested that Aloise was involved "in some way in the Teamster business being conducted" in connection with the QIPP program and that Beck's discussions were not purely social. *See* Panel Report at 8.¹

However, the reliable evidence in the record is insufficient to support the conclusion that Beck "knowingly and with the purpose or effect of circumventing, frustrating, evading, and disregarding [Aloise's] suspension, did permit, empower, and enable Aloise to exercise authority" regarding the QIPP negotiations as charged by the IIO. The evidence merely showed the Aloise and Beck were in the same location at the same time on two occasions. There is no indication that Beck was instructed by, took direction from, or otherwise involved Aloise in the strategy regarding the QIPP negotiations.

Accordingly, the Panel's findings with respect to the QIPP allegations are "inadequate."

¹ This finding is vaguely worded and should not be substituted for the preponderance of evidence standard.

B. Cannabis Organizing

With respect to the cannabis industry, the Charge Report alleged Beck breached his obligations under the IBT Constitution by “enabling and welcoming Aloise’s continued leadership in this area during Aloise’s suspension.” See Charge Report ¶ 34. The evidence is clear Beck reported to, consulted with, and sought advice from Aloise in the IBT’s attempts to organize workers in the cannabis industry while Aloise was suspended. See Charge Report Exhibits 41-44 and IIO Exhibit 610. In his testimony, Beck denied discussing cannabis related business with Aloise and, to the extent he sought his input, Beck claimed he was acting in accordance with legal advice provided to Local 853 by its counsel. See Hearing Tr. 321:7-12; 336:3-7.

The Panel, however, determined that the reliable evidence did not support Beck’s claims. Rather, they concluded that Beck enabled and permitted Aloise to violate his suspension. See Panel Report at 9. In addition, the Panel found that Beck’s claim that he was seeking “historical information” is not persuasive given the content of the evidence in the record. *Id.* After carefully reviewing the evidence and the submissions from the parties, I agree.

Accordingly, the Panel’s findings with respect to the cannabis allegations are “not inadequate.”

C. False Testimony

The Charge Report also alleged that Beck made false statements during a sworn examination when he testified that he did not have conversations with Aloise regarding Teamster business while he was suspended. See Charge Report ¶ 36 and 37; see also Charge Report Exhibit 28 at 17:15-18:14. The specific testimony that is alleged to be false is as follows:

Q: And it’s your testimony that the *conversations* that you engaged in with [Aloise] during that period, they were more social?

A: Yes, sir.

Q. About baseball and the charity that you were supporting?

A. Uh-huh.

Q. And you never had a *conversation* with Mr. Aloise about any of the business of Local 853 during that period?

A. No, I did not.

Id. (emphasis added).

The Panel determined that Beck provided false testimony when he stated that he never had conversations about Teamster business with Aloise because there was no dispute that Beck had email communications with Aloise where Teamster business was, in fact, discussed. See Panel Report at 9.

I have carefully reviewed Beck's sworn examination in its entirety. *See* Charge Report Exhibit 28. Throughout the testimony, Beck admitted that he met with and spoke to Aloise during the suspension but denied discussing Teamster business with him at those meetings. Specifically, the meetings he was asked about were held in-person at restaurants, baseball games and charity events. At the Panel hearing, Beck testified that he believed he was only asked about his in-person conversations with Aloise during the relevant portion of his sworn examination – not his emails. *See* Hearing Tr. at 382:4-22. Based on the record, it is reasonable to conclude that Beck believed he was only being asked about in-person *conversations* that he had with Aloise at those events.

The email traffic relied upon by the Panel to sustain the charge would refute Beck's testimony had he been asked about emails or asked about other communications showing that he had discussed Teamster business with Aloise. He was not asked those questions at that point during the sworn examination. Thus, Beck's answers do not establish that he knowingly intended to mislead or deceive the IIO when confronted about the in-person conversations during his sworn examination.

Accordingly, the Panel's findings with respect to the false statement allegations are "inadequate."

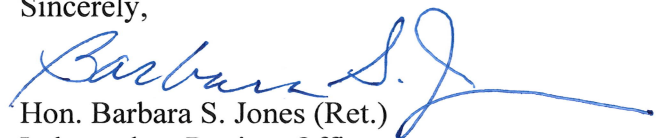
D. Penalty

After finding that Beck violated both charges in the Charge Report, the Panel recommended that Beck be suspended from holding office and employment with the IBT for 12 months. *See* Panel Report at 15. In light of the fact that I have only found sufficient evidence to sustain one of the charges in part, the penalty should be reduced. After considering the evidence in the record and the seriousness of the remaining charges, I find that a penalty of 6 months is appropriate and consistent with prior disciplinary precedent. Beck's request for a two-week transition period is granted.

IV. Conclusion

Pursuant to Paragraph 33 of the Final Order, you have twenty days to submit in writing any additional actions the IBT has or will take to correct the above-described deficiencies. I look forward to your response.

Sincerely,


Hon. Barbara S. Jones (Ret.)
Independent Review Officer

cc: Robert D. Luskin, Esq.
Jeffrey J. Ellison, Esq.
Brian T. Kelly, Esq.
Joshua C. Sharp, Esq.
Deborah Colson, Esq.
Avi Moskowitz, Esq.

MEMORANDUM

TO: IBT General President and members of the General Executive Board

FROM: Robert D. Luskin, Independent Investigations Officer

RE: Recommended charges and specifications against Phil Cooper and Darlene Bradley of Local Union 896

DATE: June 24, 2024

RECOMMENDED CHARGES

Under authority granted by Paragraphs 30, 31, and 32 of the Final Agreement and Order¹ in *United States v. International Brotherhood of Teamsters*, 88 Civ. 4486 (S.D.N.Y.), the Independent Investigations Officer recommends the following charges and specifications against PHIL COOPER and DARLENE BRADLEY of Local Union 896:

FIRST CHARGE – LACK OF INTERNAL ACCOUNTING CONTROLS – PHIL COOPER: That COOPER, as Secretary-Treasurer of Local Union 896, failed to enforce internal accounting controls over the treasury of the local union by permitting and condoning the local union bookkeeper to disburse funds of the local union by electronic funds transfers without obtaining the signatures or other written authorization of persons authorized by local union bylaws to approve such disbursements, thereby violating his obligations under the IBT constitution and local union bylaws and bringing reproach upon the union;

SECOND CHARGE – LACK OF INTERNAL ACCOUNTING CONTROLS – DARLENE BRADLEY: That BRADLEY, as bookkeeper responsible for preparing disbursements of local union funds for payment, disbursed funds of the local union by electronic funds transfers without obtaining the signatures or other written authorization of persons authorized by local union bylaws to approve such disbursements, thereby bringing reproach upon the union;

THIRD CHARGE – UNAUTHORIZED DISBURSEMENTS – PHIL COOPER: That COOPER, as Secretary-Treasurer of Local Union 896, failed to enforce necessary internal safeguards to prevent payments of local union funds that were not authorized by the local union's executive board and/or membership – specifically, Metrolink allowances to BRADLEY that exceeded

¹ Exh. 1, Final Agreement and Order, Dckt. 4409-1 (1/14/2015), in *U.S. v. International Brotherhood of Teamsters*, 88 Civ. 4486.

the amount authorized by the local union executive board – thereby violating his obligations under the IBT constitution and local union bylaws and bringing reproach upon the union;

FOURTH CHARGE – UNAUTHORIZED DISBURSEMENTS – DARLENE BRADLEY: That BRADLEY, as bookkeeper responsible for preparing disbursements of local union funds for payment, disbursed funds of the local union by electronic funds transfers to her own use and personal benefit that had not been authorized by the local union’s executive board and/or membership – specifically, Metrolink allowances that exceeded the amount authorized by the local union executive board – thereby violating her obligations under the IBT constitution and local union bylaws and bringing reproach upon the union;

FIFTH CHARGE – FAILURE TO COOPERATE WITH THE IIO – DARLENE BRADLEY: That BRADLEY failed to cooperate with the IIO by falsely stating that the executive board of Local Union 896 authorized her to receive \$200 per month as a Metrolink allowance when it had authorized only \$25 per week (implemented as \$100 per month), thereby violating her obligations under the IBT constitution and the Final Order to cooperate with the IIO and bringing reproach upon the union.

JURISDICTION

Under Paragraph 32 of the Final Order, the IIO designates this matter “as an original jurisdiction case for the General President to review.” Upon receipt, the General President “shall promptly take whatever action is appropriate in the circumstances and shall, within ninety (90) days of the referral, make written findings setting forth the specific action taken and the reasons for that action.”²

INVESTIGATORY FINDINGS

The Independent Investigative Officer finds that Local Union 896 Secretary-Treasurer PHIL COOPER failed over an extended period to enforce internal accounting controls over local union disbursements made by electronic fund transfers (EFTs) by permitting bookkeeper

² Exh. 1, Final Agreement and Order.

DARLENE BRADLEY to make EFTs without the express written approval of the local union's check signers and without any oversight whatsoever, with the result that BRADLEY, among other things, made EFTs to herself in amounts she was not authorized to receive. These and further allegations are detailed below.

A. Financial procedures and internal accounting controls applicable to local unions.

1. The IBT constitution requires that "Local Union Secretary-Treasurers shall maintain a bookkeeping system as prescribed by the General Secretary-Treasurer and approved by the General Executive Board, unless the General Secretary-Treasurer has approved a deviation from the prescribed bookkeeping system."³ The IBT's Manual for Secretary-Treasurers (Manual) dictates that local unions "operate within an environment where a system of internal accounting controls exist," requiring "at all times strict compliance with those internal accounting controls."⁴

2. The Manual establishes the framework for internal accounting controls by requiring that each disbursement be "[p]roperly authorized through Bylaw action," be "[s]upported by an itemized invoice, receipt, or statement detailing the items ordered or the services provided or to be provided," and be "[s]ubstantiated through an indication that the invoiced item was received or that the services were provided."⁵

3. The Manual further requires each local union to "[i]mplement procedures that require that all disbursements ... are processed by check" and that "all disbursements are reviewed by the applicable check signers or their designees."⁶ More specifically, the IBT constitution mandates that "[w]hen disbursements of subordinate bodies are made by check, the check shall bear the

³ Exh. 2, IBT constitution, Article XXIII, Section 4.

⁴ Exh. 3, Manual for Secretary-Treasurers (2012 edition), p. iv.

⁵ Exh. 3, Manual for Secretary-Treasurers (2012 edition), Section 2, p. 73.

⁶ Exh. 3, Manual for Secretary-Treasurers (2012 edition), p. 1.

signature of at least two (2) elected officers in the manner provided by the Bylaws of the subordinate body.”⁷

4. The Manual’s preference for using paper checks to pay local union disbursements provides safeguards against fraud and misappropriation. Each check identifies by name the person or entity to whom the disbursement is made and specifies the date and amount of the disbursement. The two officers who sign the check rely on those elements to determine whether to authorize the disbursement with their signatures. The trustees who review local union disbursements after they have been transacted rely on the front and back of the negotiated check included with the local union’s bank statement to verify the identity of the payee, the amount and date of the transaction, and that it was authorized by the appropriate local union officials.

5. Despite its preference for paper checks, the Manual permits a local union to pay operational expenses by electronic means other than check so long as the affiliate 1) “has the same supporting documentation as if the payment had been made by check,”⁸ and 2) uses procedures and controls that “require the same approval authorization process as disbursements made by check.”⁹

6. Electronic disbursements, also termed “EFT” (Electronic Funds Transfers) transactions, expose the local union to risks of fraud and misappropriation that paper checks do not. Unlike a disbursement paid by check, which identifies the payee and provides proof that the appropriate local union officials authorized the transaction, the bank statement often does not identify the payee receiving the EFT transaction by name and never provides proof that it was properly authorized by the local union’s designated check signers. The EFT is documented in the local union’s bank statement in the “Other Debits” category, arranged by date and amount of transaction,

⁷ Exh. 4, IBT constitution, Article X, Section 9.

⁸ Exh. 3, Manual for Secretary-Treasurers (2012 edition), Section 7.14, p. 142.

⁹ Exh. 3, Manual for Secretary-Treasurers (2012 edition), p. 2.

with bank-generated “ID” number and “Trace Number” that appear nowhere in the local union’s financial records.

7. Local union trustees are required to perform monthly reviews of all local union disbursements. For check transactions, the Manual requires that trustees “[r]eview the returned checks and make sure that the endorsement is that of the payee as entered on the front of the check.”¹⁰ For EFT transactions, no equivalent to a cancelled check exists, and local union trustees cannot identify the payee or otherwise determine whether the transaction was authorized.

B. Financial procedures utilized by Local Union 896.

8. PHIL COOPER is secretary-treasurer of Local Union 896 and has been since 2013.¹¹ The bylaws of Local Union 896 mandate that COOPER, as secretary-treasurer, “perform all the duties imposed upon Local Union Secretary-Treasurers by the International Constitution and these By-Laws.”¹² The bylaws emphasize that the secretary-treasurer’s authority to disburse funds is narrowly limited to “bills, obligations and indebtedness of the Local Union which have been properly incurred.”¹³ The bylaws further provide that the secretary-treasurer periodically report the local union’s financial standing to the membership, and that he “keep itemized records showing the source of all monies received and spent, and he shall keep records, vouchers, work sheets, books and accounts and all resolutions to verify such report.”¹⁴

9. Local Union 896’s bylaws place financial accountability on the secretary-treasurer but permit him to “employ help when necessary to perform such duties as may be required in the administration of the duties of his offices.”¹⁵ COOPER authorized the hiring of DARLENE

¹⁰ Exh. 3, Manual for Secretary-Treasurers (2012 edition), Section 4.3.1, subsection D.5., p. 103.

¹¹ Exh. 5, Sworn Examination of Phil Cooper, p. 9.

¹² Exh. 6, Local Union 896 bylaws, Section 8(a), in relevant part.

¹³ Exh. 6, Local Union 896 bylaws, Section 8(h).

¹⁴ Exh. 6, Local Union 896 bylaws, Section 8(a), in relevant part.

¹⁵ Exh. 6, Local Union 896 bylaws, Section 8(i).

BRADLEY as local union bookkeeper in July 2014.¹⁶ She became local union recording secretary and a member of the executive board effective May 2019 and has retained her bookkeeping responsibilities throughout.¹⁷

10. All officers and representatives of Local Union 896, including COOPER and BRADLEY, “occupy positions of trust in relation to the Local Union and its members as a group and are, therefore, accountable to the membership with respect to the performance of their duties in handling funds and property of the Local Union.”¹⁸

11. The bylaws dictate that local union “checks must bear the signature of any two (2) of the following: Local Union President, Local Union Secretary-Treasurer, or two (2) other elected officers as designated by the Local Union Executive Board.”¹⁹ In addition to the president and secretary-treasurer, the executive board has designated only one additional officer, the vice president, to review disbursements and sign checks paying the disbursements.²⁰ These same officers are the only ones approved to review and authorize EFT disbursements. BRADLEY, as bookkeeper and recording secretary, has never been authorized to approve and disburse local union funds on her own authority.

12. BRADLEY created a form, titled “EFT Form,” for the purpose of documenting the information and authorizations associated with an EFT transaction that correspond with what would appear on the face of a paper check. Thus, the EFT form identified the payee by name and local union title (if any), specified the amount of the transaction, and provided a space for the secretary-treasurer to indicate his approval of the transaction. In addition, the form provided

¹⁶ Exh. 7, Local Union 896 executive board minutes, 7/28/2014, p. 1.

¹⁷ Exh. 8, Local Union 896 executive board minutes, 5/31/2019, p. 3 (“Recording Secretary Rachel Gomez has announced her retirement. Darlene Bradley will be Acting Recording Secretary for the term.”)

¹⁸ Exh. 6, Local Union 896 bylaws, Section 14(e).

¹⁹ Exh. 6, Local Union 896 bylaws, Section 8(h).

²⁰ Exh. 9, Sworn examination of DARLENE BRADLEY, p. 16 (“Q Who is authorized to sign checks? A Currently, the secretary-treasurer/principal officer, the president, and the vice president.”)

spaces for identifying the reason for the transaction and indicating whether receipts or other documentation were attached to the form.

C. EFT disbursements BRADLEY made that were not approved by any authorized official of Local Union 896

13. For the years 2017 through 2023, the period examined by the IIO's investigation, Local Union 896 paid salaries to its officers and staff and the payroll taxes, fringe benefits, and associated retirement fund contributions on a biweekly basis exclusively by EFT. Under the IBT constitution and local union bylaws, COOPER was required to insure that all such EFT transactions followed the same authorization process as transactions paid by check. At a minimum, the authorization process for EFT transactions required that officers designated by the bylaws or executive board action review and acknowledge in writing that each electronic transaction was authorized. In no case during the six-year period examined during the IIO's investigation did the signatures or initials of the president, secretary-treasurer, or vice president appear on any payroll records, whether on the documentation of EFT transactions of net pay to officers or employees of the local union, or on the documentation of the tax remittances to federal or state taxing authorities or funds remittances associated with payroll. Instead, such expenditures were initiated and transacted by BRADLEY without written permission or review by any single authorized signer – let alone the two signers the bylaws required. During this six-year period, BRADLEY processed more than 150 bi-weekly payrolls, exceeding \$1.5 million, including net pay to officers and employees, remittances of payroll taxes, fringe benefits, and retirement contributions – and all were done by BRADLEY alone without signatures or initials of the local union's designated check signers. The number of EFTs associated with payroll during this span exceeded 600.²¹

²¹ Exh 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶4.

14. In addition to EFT expenditures related to payroll, BRADLEY routinely initiated and completed EFT transactions that were said to constitute reimbursement of various expenses incurred by local union officials and employees. As with payroll EFT transactions, these *ad hoc* payments were not reviewed or authorized in writing by the officers designated to approve transactions. Rather, they were transacted by BRADLEY without review or written authorization. Examples of BRADLEY's actions in disbursing union funds by EFT fall into two categories – those where the EFT form bore only her initials,²² and those where no initials at all appeared on the form.²³

15. That BRADLEY was able to make these transactions on her own was solely because she possessed log-in and password credentials to access the local union's general fund bank account, not because the duly authorized officers of the local union had properly authorized the transactions. The number of EFTs unrelated to payroll that BRADLEY processed on her own, without sign-off by check signers, exceeded 700 transactions in the period 2017 through 2023.²⁴

16. The EFT form BRADLEY created to collect the “the same supporting documentation as if the payment had been made by check”²⁵ was inadequate because it did not provide space for *two* authorized signers to approve the transaction. Moreover, the space the form provided for the Secretary-Treasurer's written approval – either his signature or his initials – was uniformly left blank on each of the EFT transactions BRADLEY processed during the period 2017 through 2023 – except when BRADLEY used a rubber stamp bearing a facsimile of COOPER's signature to

²² Exh. 11a, Examples of EFTs made without authorization, initialed by BRADLEY.

²³ Exh. 11b, Examples of EFTs made without authorization, initialed by no one.

²⁴ Exh. 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶5.

²⁵ Exh. 3, Manual for Secretary-Treasurers (2012 edition), Section 7.14, p. 142.

“authorize” the transaction.²⁶ BRADLEY’s use of COOPER’s rubber stamp was an impermissible substitute for COOPER’s actual review and approval of the subject transaction; it also did not address the requirement that the transaction be approved by *two* authorized check signers. At sworn examination, COOPER downplayed the use of the rubber stamp: “I’m in the office quite a bit. There’s no really need to have a rubber stamp for my signature. I drive about 200 miles a day, but I’m here a lot. But occasionally, it has come in handy on certain documents. I told you I wear three hats. I’m also married and have grandkids. So there’s more hats.”²⁷

17. BRADLEY began using a modified version of the EFT form in 2018. The sole modification of the form was to *eliminate* the space for the Secretary-Treasurer’s approval of the transaction.²⁸ Rather than changing the form to require the approvals of *two* designated check signers – and then obtaining those approvals – BRADLEY changed the form to require *no* approvals, and then she continued her practice of disbursing union funds by EFT solely at her own discretion.

18. Although the EFT form, both before and after BRADLEY altered it, included spaces for the trustees serving on the local union’s executive board to sign or initial that the transaction was authorized by the executive board and approved by the local union’s designated check signers, no trustee signatures or initials appeared on the forms – ever – to establish that trustees saw them and that they had performed their trustee function of verifying the appropriateness of the transactions.²⁹

²⁶ Examples of EFT forms BRADLEY prepared that bear the rubber-stamp signature of COOPER appear in Exh. 17, EFT forms for 2015 Metrolink allowances, pp. 6-9 and 12-13; and Exh. 18, EFT forms for 2016 Metrolink allowances, pp. 2-13, 16-17, and 20-21.

²⁷ Exh. 5, Sworn examination of Phil Cooper, p. 73.

²⁸ Compare Exh. 12a, Examples of EFT forms with space for secretary-treasurer’s approval, with Exh. 12b, Examples of EFT forms without space for secretary-treasurer’s approval.

²⁹ Exh. 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶6.

One trustee highlighted at sworn examination the fact that the EFT form did not and could not verify that the recipient of the funds identified on the form had received the funds. Thus,

A. I'm hoping that [the disbursement] goes to the person's account. I'm hoping.

Q. So you're hoping. You don't have a way of independently verifying where that payment went?

A. It -- the thing is that it's a payment reimbursing the member. So I don't have access to their accounts. So I'm hoping that the account that's provided for that member, they're going to get their money. From that point, I hope they would speak up if they didn't.

Q. And is that the situation with most EFTs, that is to say, with EFT forms such as this, you wouldn't see any documentation --

A. I wouldn't see a full account number, but I would see that it did go to their account.³⁰

The inability of the trustees to verify that the person named on BRADLEY's EFT form received the payment was due in part to the fact that local union bank statement did not, where the recipient was a person, identify him/her by name;³¹ instead, it merely cited ID and Trace numbers that otherwise did not appear in local union records.³²

D. EFT transactions BRADLEY made for Metrolink allowances.

19. In August 2014, the local union executive board authorized an employment benefit for BRADLEY and Marci Ibarra, another local union employee, of \$25 per week to reimburse them for commuting fares they incurred on the Metrolink, a regional transportation system.³³ This allowance was implemented as a monthly payment of \$100.³⁴ Beginning in June 2015, BRADLEY elected to make the payments to herself and Ibarra by EFT transaction rather than by

³⁰ Exh. 13, Sworn examination of Alberto Hernandez, pp. 21-22.

³¹ Exh. 21, Local Union 896 general fund bank statement excerpts, July 2017 through April 2018.

³² *Id.*

³³ Exh. 14, Local Union 896 executive board minutes, August 18, 2014, p. 3 ("Secretary Treasurer Phil Cooper made a motion to provide a stipend of \$25.00 a week for Darlene Bradley & Marci Ibarra for taking mass transit. Second by Trustee David Prado motion passed unanimously.") The executive board took this action pursuant to Local Union 896's Employee Manual (Exh. 15), Section 5 (Employment Benefits), subsection 5.4 (Additional Benefits): "The Local may also provide the following benefits: Group Health Insurance, Pension Contributions, and Metrolink/Metrorail Commuter Benefits."

³⁴ Exh. 16, Local Union 896 "Bulletin" stating that "Darlene Bush [*sic*] and Marci Ibarra to receive \$100 each a month towards purchasing Metrolink monthly passes."

paper check.³⁵ None of the forms bore the signature or initials of two designated local union check signers; some included the rubber-stamp facsimile signature of COOPER.³⁶

20. Although the local union had authority to extend the Metrolink allowance to other employees, no evidence exists that it granted the benefit to any employee other than BRADLEY and Ibarra, the persons identified by name in the executive board minutes³⁷ and the Bulletin.³⁸ Nonetheless, BRADLEY commenced paying the allowance to Aida Taboada by EFT transaction in January 2016, after Taboada began employment with the local union as an office clerical.³⁹ None of the EFT forms documenting the Metrolink disbursements to BRADLEY, Ibarra, or Taboada showed approval by any single designated check signer of the local union, let alone the two signers required by bylaws; most of the forms included COOPER's rubber-stamp facsimile signature.⁴⁰

21. During the period commencing with an EFT payment made July 3, 2017 (for the month of July 2017) and continuing for eleven consecutive months through an EFT payment made April 30, 2018 (for the month of May 2018), BRADLEY remitted herself \$200 monthly, with the remittance to Taboada remaining at \$100 monthly.⁴¹ The payments BRADLEY made to herself during this

³⁵ Exh. 17, EFT forms documenting payment of the Metrolink allowance to BRADLEY and Ibarra for the period June through December 2015.

³⁶ *Id.* Pages 6-9 and 12-13 bear the rubber-stamp signature of COOPER.

³⁷ Exh. 14, Local Union 896 executive board minutes, 8/18/2014, p. 3.

³⁸ Exh. 16, Local Union 896 "Bulletin."

³⁹ Exh. 18, EFT forms documenting payment of the Metrolink allowance to BRADLEY, Ibarra, and Taboada for 2016. Payments to Ibarra ceased after April 2015. The monthly payment paid each recipient was \$100.

⁴⁰ *Id.*, pp. 2-13, 16-17, 20-21.

⁴¹ *See* Exhs. 19 (EFT forms for 2017 Metrolink allowances) and 20 (EFT forms for 2018 Metrolink allowances). BRADLEY paid herself \$100 per month for the period January through June 2017. After June 2017, BRADLEY paid herself \$200 per month for the period July 2017 through May 2018. Taboada received \$100 per month throughout. The local union did not produce the EFT forms for the July 2017 allowances. However, the July 2017 local union general fund bank statement (Exh. 21, Local Union 896 general fund bank statements for the period July 2017 through April 2018, p. 4) shows an ACH withdrawal of \$300 on July 3, 2017, with BRADLEY receiving \$200 and Taboada \$100, and ACH withdrawals of \$300 corresponding to the remaining EFT Metrolink payments to BRADLEY and Taboada for the period. The remaining pages of Exh. 21 (pp. 5, 6, 8, 10-14, and 16) verify the EFT forms in Exhs. 19 and 20.

eleven-month period were exactly double the amount the local union executive board authorized in its August 2014 resolution.⁴² No further executive board resolution raised the Metrolink allowance for BRADLEY, and no designated check signer of the local union signed off on the increase in allowance payments to her.⁴³ Rather, BRADLEY misappropriated the additional sum to herself simply because she decided to do so.

22. BRADLEY's first payment to herself of \$200 per month for the Metrolink allowance⁴⁴ came the same day – July 3, 2017 – as the effective date of a 50 cents per hour wage increase (totaling approximately \$87 per month) the local union executive board approved for Taboada.⁴⁵ The executive board did not grant any similar increase in compensation to BRADLEY at that time.⁴⁶ BRADLEY made the last payment to herself of \$200 per month for the Metrolink stipend for the month of May 2018.⁴⁷ In July 2018, two months later, the executive board voted BRADLEY a one-time bonus of \$2,500 “for her extraordinary work on the new office in Pasadena,”⁴⁸ apparently unaware she had been paying herself an extra \$100 per month in Metrolink allowance that permitted her to keep pace with the wage increase the executive board had granted Taboada. These facts demonstrate that BRADLEY intended to grant herself an unauthorized increase in compensation approximately equal with the authorized increase in compensation the executive board granted to Taboada, and that BRADLEY stopped the unauthorized increase at about the time the executive board granted her the bonus.

⁴² Exh. 7, Minutes of Local Union 896 executive board, 7/28/2014.

⁴³ Exh. 19 (EFT forms for 2017 Metrolink allowances), pp. 12, 14, 16, 18, 20, and 22, and Exh. 20 (EFT forms for 2018 Metrolink allowances), pp. 2, 4, 6, and 8.

⁴⁴ Exh. 21, Local Union 896 general fund bank statements for the period July 2017 through April 2018, p. 3.

⁴⁵ Exh. 22, Local Union Executive Board minutes, June 28, 2017, p. 3: “Aida Taboada increase to .50 an hour a motion was made, A discussion ensued regarding Secretary Treasurer Phil Cooper and second by Alberto Hernandez effective July 3rd 2017, motion passed.”

⁴⁶ *Id.*

⁴⁷ Exh. 20, EFT forms for 2018 Metrolink allowances, p. 8.

⁴⁸ Exh. 23, Local Union Executive Board minutes, July 30, 2018, p. 3.

23. BRADLEY never repaid the local union for the additional Metrolink stipend she paid herself over the 11-month span, which totaled \$1,100.00.⁴⁹

24. At sworn examination, BRADLEY misrepresented the circumstances of the unauthorized increase. Even though the only executive board action concerning a Metrolink allowance authorized \$25 per week (equated to \$100 per month) for BRADLEY and Ibarra, BRADLEY asserted at sworn examination that she had been authorized \$200 per month while the other employee, whom she identified as Taboada, was authorized only \$100 per month. According to BRADLEY –

A ... I didn't feel it was right that the board allowed me \$200 and Aida \$100. So we made it even. I asked the board just to give us the same.

Q Did they initially offer you \$200 and Aida \$100?

A Yes.⁵⁰

This explanation was false, as established by the August 2014 executive board resolution granting BRADLEY and Ibarra the Metrolink stipend in the same amount (\$25 per week,⁵¹ implemented as \$100 per month⁵²), followed by 35 consecutive months in which BRADLEY and first Ibarra and then Taboada were paid the same amount – \$100 per month,⁵³ followed by BRADLEY paying herself \$200 per month without executive board authorization while Taboada remained at \$100 per month.⁵⁴ Aside from BRADLEY's self-serving statement, no evidence exists that she asked the executive board to *lower* her Metrolink allowance from \$200 per month to \$100, for the reason that the executive board had never authorized payment to BRADLEY of an allowance *higher* than \$100, the same amount authorized for the other office clerical.

⁴⁹ Exh. 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶13.

⁵⁰ Exh. 9, Sworn examination of Darlene Bradley, p. 49.

⁵¹ Exh. 14, Local Union Executive Board minutes, August 18, 2014.

⁵² Exh. 16, Local Union 896 "Bulletin."

⁵³ Exhs. 17, 18, and 19.

⁵⁴ Exhs. 19, 20, and 21.

25. BRADLEY was able to manipulate the amount of the Metrolink allowance she paid herself because she made the payment by EFT, and COOPER, with the fiduciary responsibility for safeguarding the local union's finances, abdicated his obligation to oversee disbursements of local union funds made through EFT transactions.

26. At sworn examination in April 2022, COOPER acknowledged that the local union should use a better procedure for securing approval of EFT transactions before they were made, including the printing of a substitute check and obtaining the required authorization of two of the local union's designated check signers.⁵⁵ He failed to acknowledge that he could improve the process by performing his obligation to review and approve each EFT transaction and, equally, to prohibit such transactions until two designated signers approved them.

27. IIO investigators returned to Local Union 896 in October 2023, eighteen months after COOPER's sworn examination, to determine whether the local union had implemented the procedure COOPER described. On that occasion, BRADLEY told our investigator that her new practice with EFT transactions was to create a substitute check in QuickBooks by using the check template but deleting the check number, print the substitute check on plain paper rather than a local union check, and obtain the signatures or initials of two of the local union's check signers on the substitute check.⁵⁶ An IIO investigator reviewed dozens of EFT transactions BRADLEY made after the date of COOPER's sworn examination and found only one⁵⁷ where check signers had signed or initialed the substitute check or any other documentation that would show they approved the transactions.⁵⁸ All others followed the process BRADLEY described – except for obtaining

⁵⁵ Exh. 5, Sworn examination of Phil Cooper, p. 79.

⁵⁶ Exh. 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶¶9 & 10.

⁵⁷ Exh. 24, EFT issued to Javier Herrera, April 3, 2023; check signer initials highlighted in yellow on p. 3 of exhibit.

⁵⁸ Exh. 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶11.

the signatures or initials of the check signers.⁵⁹ When confronted with this evidence, BRADLEY acknowledged that she had made all EFT transactions but that one without obtaining proper authorization.⁶⁰

28. With respect to EFT transactions, COOPER has utterly failed in his financial responsibility and fiduciary obligation to insure that disbursements of local union funds are done according to proper procedure. By permitting BRADLEY to make than a thousand EFT transactions without review – including misappropriation to herself of funds that were not authorized and that she took merely because she wanted them, COOPER has relinquished financial control over a key aspect of local union funds. As a result, COOPER has violated the IBT constitution, the local union bylaws, and the Secretary-Treasurers Manual, and has brought reproach upon the union.

29. Similarly, BRADLEY had a fiduciary responsibility to the local union to apply internal accounting standards to the financial duties she performed, both by enforcing the requirement that two designated check signers authorize in writing each EFT she generated and by refusing to make EFT transactions unless she first obtained that written authorization. That she did not – more than 1,500 times involving a sum exceeding \$1.5 million – violated the IBT constitution, the local union bylaws, and the Manual, and has brought reproach upon the union.

30. Breach of fiduciary responsibility to enforce internal accounting standards violates the IBT constitution, local union bylaws, and the Manual and is a basis for suspension from office. In *U.S. v. International Brotherhood of Teamsters*, 951 F.Supp. 1113 (S.D.N.Y. 1997) (Giacumbo), Judge Edelstein affirmed an IRB decision suspending a local union principal officer from membership

⁵⁹ Exh. 25, Example of substitute check to document EFT disbursement, August 15, 2023; Exh. 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶11.

⁶⁰ Exh. 10, Declaration of IIO Senior Investigator Jerome Pugh, ¶12.

and from office for, among other offenses, issuing checks drawn on the local union bank account without the required two signatures. COOPER and BRADLEY are subject to such sanction.

31. Federal labor law, 29 U.S.C. 501(c), and the IBT constitution, Article XIX, Section 7(b)(3), prohibit embezzlement or conversion of union funds.⁶¹ Embezzlement occurs where the union official acted with fraudulent intent to deprive the union of its funds. *U.S. v. Welch*, 728 F.2d 1113, 1118 (8th Cir. 1984). The court in *United States v. Stockton*, 788 F.2d 210, 217 (4th Cir. 1985), *cert. den.*, 479 U.S. 840 (1986), a prosecution for embezzlement under Section 501(c), explained the essence of this offense in the following terms:

It bears repeating that the conversion of property that lies at the core of embezzlement must be without the permission of the owner, and contrary to the wishes of the owner. In the context of Section 501(c), the owner of the property is the union itself – its collective membership – not individual union officials who are vested with power to dissipate union funds in the manner currently before the court ... The permission of the union is lacking if the appropriate or expenditure is outside the scope of the fiduciary trust placed in the defendant by the union as a whole and outside the scope of the powers of any union official on whose permission the defendant has sought to rely.

BRADLEY's intent to defraud is established by her payments to herself of an amount double what the local union executive board had authorized her to receive for the Metrolink allowance, under circumstances where her knowledge of the correct amount was established by her actions paying herself the correct monthly amount for nearly three years. Suspension or removal from office, employment, and membership, and restitution of the embezzled funds are warranted for embezzlement.

32. Giving intentionally misleading testimony during an IIO sworn examination violates §14(i) of the IBT Constitution, for which suspension from office, employment, and membership is warranted. *In Re: Mireles & Roa* Decision (October 17, 2000 IRB Decision at 38-39), *aff'd*, *United States v. IBT*, 166 LRRM 2890 (S.D.N.Y. February 21, 2001); *In Re: Terrence Freeman*, (January

⁶¹ Exh. 26, IBT constitution, Article XIX, Section 7(b)(3).

31, 2000 IRB Decision) *aff'd*, United States v. IBT, 164 LRRM 2813 (S.D.N.Y. June 14, 2000). Giving false testimony constitutes a failure to cooperate with the IIO. “Cooperation by all IBT members with the IRB is essential if the Consent Decree is to serve its intended purpose.” *Michael Bane* (July 17, 2001). Penalties for failure to cooperate range from two years’ suspension from membership to as high as associational ban. *Frank Gillen* (August 3, 2007). BRADLEY’s false statement was made to cover up her embezzlement. As such it was egregious and warrants a severe disciplinary sanction.

The foregoing charges and findings are submitted to the General President in accordance with the Final Order for action that is appropriate under the Final Order and the IBT constitution.

Respectfully submitted,

ROBERT D. LUSKIN
Independent Investigations Officer



By:

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