

**Independent Investigations Officer's Memorandum Recommending The
Independent Review Officer Impose A Permanent Bar From IBT Membership on
Rome Aloise**

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The Independent Review Officer's ("IRO") findings in her decision of October 24, 2017, detail the pervasive wrongdoing Rome Aloise ("Aloise") engaged in while an International Vice President. In sum, through his multiple violations of 29 U.S.C. §186(b), Aloise committed acts of racketeering specifically enjoined by the Consent Decree; he acted illegally on numerous occasions to support his favored candidate in a local election; and he entered into a sham collective bargaining agreement to accommodate an employer. Collectively, his actions established that despite full knowledge of the legal restrictions on his conduct, Aloise, a powerful union official, unhesitatingly engaged in willful and knowing violations when such misconduct furthered his personal goals. When his misconduct was exposed and he faced possible consequences for his actions, Aloise compounded the seriousness of his underlying wrongdoing by consistently using false explanations under oath to justify his actions. The high positions of trust he held within the IBT and on its funds during his pattern of misconduct further enhanced the gravity of his offenses.

Aloise stands alone under the Consent Decree in the number and breadth of serious violations he was found to have engaged in while an International Vice President. The Independent Investigations Officer ("IIO") submits that the appropriate sanction is a permanent bar from the Union. Such sanction would be commensurate with the seriousness and depth of his behavior and consistent with precedent under the Consent Decree.

A permanent bar differs from a term of suspension because it includes an associational ban that would prohibit Aloise from associating with all IBT members and prohibit all IBT members from associating with him. United States v. IBT [Carey], 247 F 3d 370, 390-91 (2d Cir. 2001); Paragraph E (10) of Consent Order (Ex. 158 at 6); Paragraphs 2 and 4 of Final Agreement and Order. It would impose a significant hurdle to Aloise's improper maintenance of his influence over union actions after being sanctioned. In addition, as Judge Edelstein noted in his decision in

Carey, “[T]he associational ban also serves to protect IBT officers and members from people of dubious character. The true test of one’s character is what one does when one believes nobody is watching.” Id. at n.13, quoting Judge Edelstein. Aloise revealed his character when he consistently violated rules restraining his actions and then lied under oath repeatedly denying his behavior. In addition, a permanent bar would further protect the Union by preventing Aloise from doing business with the IBT if Aloise should return as a representative for vendors and employers in connection with transactions with the IBT.¹

I. Aloise’s Pattern of Misconduct Warrants a Permanent Bar from the IBT

a. Violations of 29 U.S.C. 186(b)

The IRO thoroughly analyzed the numerous serious violations that Aloise committed. His acts of racketeering in soliciting and obtaining the party admissions and the job from IBT employer Southern Wine and Spirits (“SWS”) while he was negotiating collective bargaining agreements with that company evidenced his embracing of strong-arm tactics to obtain what he wanted. (IRO Dec. at 37) His conduct in those circumstances established that Aloise gave “little thought to its propriety” before he acted. Id. That conduct illuminated Aloise’s complete contempt for legal restrictions on his conduct. In addition, Aloise solicited from IBT employer Gillig a job for his relative as a personal favor, a third act of racketeering within one year. In his defense, Aloise repeatedly offered false sworn testimony attempting to deflect the consequences of his conduct in

¹ Based upon his actions as a union officer, this path for Aloise is not idle speculation. Indeed, while within the union he assisted employers and vendors. For example, Aloise stressed to the IBT employer Southern Wine and Spirits how many “fires” he had put out for it with other IBT locals. (Ex. 110 at 4) He also accommodated Bertucio, a facilitator for vendors seeking IBT business, by entering into a sham collective bargaining agreement with his entity, the GrandFund. (IRO Dec. at 38)

soliciting employers for personal favors in violation of the law, the Consent Decree and the IBT Constitution.²

b. Attempting to Deny a Fair Election in Local 601

In connection with the Local 601 election, Aloise engaged in a pattern of misconduct to use Union resources to support his favored candidate. These resources included the use of union-paid lawyers, personnel, and property. The IRO aptly found, “Aloise’s conduct demonstrates a pattern of disregard for the rules that were established to safeguard the democratic process in union elections. . . . he was dismissive of any limitations on his power as a union officer.” (IRO Dec. at 59) He also repeatedly testified falsely about his election misconduct, cloaking his violative actions in false claims that he acted as a Joint Council officer to protect the integrity of the election or Joint Council proceedings when in reality he was striving to illegally place hurdles in front of his candidate’s opponents. (IRO Dec. at 53-56; Ex. 1 at 136-141, 144-149; Tr. at 233-237, 240-247, 249-251)

Moreover, this was not the first time that Aloise showed he was dismissive of limitations on his power. Aloise had previously been found to have violated rules governing union elections, including the misuse of union resources. International elections are held every five years. As with the Local 601 election in 2013, Aloise refused to follow rules that restricted him from achieving his political goals in previous elections. In three of the last four International elections, 2001, 2006 and 2011, Aloise was found either to have used union resources to support a candidate he favored or to have violated an opponent’s political rights to challenge Aloise’s candidate. In re: Gegare

² Aloise testified falsely that his solicitations of things of value from two IBT employers, the jobs for his cousin Covey at Gillig and SWS, were not personal favors but him acting in his capacity as a union official as he would do for any member. (IRO Dec. at 36-37)

(Ex. 159); Certain Campaign Contributions (Ex. 286); In re: Ostrach, 2000 Elec App 015 (2001), at www.IBTVote.org.

Prior to his actions regarding Local 601's election, Aloise had been the subject of at least two successful International election protests in which, after his conduct was analyzed, he was found to have used union resources improperly to promote a candidate. In re: Gegare, Election Appeals Master Decision, 11 Elec. App. 3 (Feb. 16, 2011) (Ex. 159; Ex. 324 at 3-4) (finding Aloise's offering a union job for campaign support from a union officer, even if the job was rejected, was a use of union resources to assist a campaign); Certain Campaign Contributions By Officers and Employees of Local Union 853, 2006 ESD 341 (Aug. 23, 2006) (Ex. 286 at 4-6, 19-20) (Aloise and other Local 853 officers improperly awarded themselves and employees an extra week vacation as a part of a scheme to funnel Local money into a local officer campaign account from which contributions were made to the Hoffa campaign; Aloise then lied to the Election Supervisor about that scheme.)³

Aloise's 2013 conduct in the Local 601 election showed he continued to unhesitatingly use union resources illegally, despite these prior findings of his misuse of union property in elections. (IRO Dec. at 52-56) Again, through his actions Aloise displayed his contempt for rules that hindered his personal objectives. He refused to honor the basic principle that forbade him from using Union resources for a non-Union purpose.

In addition, prior to Aloise's misconduct concerning LMRDA rights in the 2013 Local election, in the 2001 International Election, the Election Appeals Master, Judge Conboy, found Aloise threatened to retaliate against another Local's officer for exercising his right to support a candidate Aloise opposed. In that matter, at a meeting of California Local officers to discuss aid

³ In Ostrach, he improperly threatened a local officer for exercising his right to oppose a candidate Aloise backed.

to Local 439 (the members of which were on strike against an employer), Aloise threatened a Local 439 officer who supported a candidate Aloise opposed in the International Election with retaliation for the exercise of his protected rights. Aloise threatened that unless the officer resigned from the opposition ticket, Aloise would not support the officer's plea for strike assistance for his members. Aloise's threat was found to be "coercive and political." In re: Ostrach, 2000 Elec. App. 015 at 2 (Jan. 19, 2001) affirming In re: Ostrach, PD 2000 EAD 57 (Dec. 6, 2000) (found at www.IBTVote.org). Aloise's 2013 conduct went beyond that, as he attempted to sabotage Alvarado's opponents' campaigns through threats and abuse of the power of his union office. (IRO Dec at 44, 52-56)

In reaching his conclusion in Ostrach, the Election Appeals Master rejected as false the strained claim Aloise presented that the threat and his accompanying insistence his political opponent resign from the ticket arose from Aloise's concern the political opponent could not manage the strike and his campaign simultaneously. In re: Ostrach, supra, at 1-2. The Election Appeals Master found Aloise's threats were politically motivated retaliation for the exercise of a right. Id. False excuses were a consistent element of Aloise's misconduct. His easy and frequent resort to them are indicative of Aloise's contempt for all Consent Decree processes.

c. Sham Contracts

In addition, in a separate offense, Aloise brought reproach upon the IBT when he entered into a sham contract with Charles Bertucio's company, The GrandFund. (IRO Dec. at 43-44) Aloise, an experienced union official, falsely claimed it was unclear what constituted a sham contract. (IRO Dec. at 40) Aloise also testified falsely about when he learned Bertucio became a member of Local 853. (IRO Dec. at 20; Tr. 158-159)

Moreover, evidence at the hearing established that this was not the only sham contract into which Aloise entered. (Tr. 69-75; Exs. N-1 and N-2) Aloise was Co-Chair of the California Teamsters Public Affairs Council (“CTPAC”). (Tr. 69; Ex. 254 at 3) In two separate contracts between CTPAC and Aloise’s Local 853, Aloise had the CTPAC lobbyist, a lawyer with his own firm, sign as the employer representative on collective bargaining agreements between CTPAC and Aloise’s local concerning the lobbyist’s remuneration from the Teamsters entity. (Exs. N-1 and N-2; Tr. 70-71; Ex. 1 at 69) Aloise, who was co-chairman of CTPAC, signed the CBA as the Local 853 employee representative of the lobbyist who had an adverse economic interest in the contract. (Exs. N-1 and N-2; Tr. 69) IBT members’ dues passed through the Joint Council Aloise headed to fund CTPAC, which Aloise also headed. (Ex. 1 at 4, 68, 71; Tr. 69-70, 73) Aloise ignored his blatant conflict of interest to create these two obvious sham contracts, which resulted from no legitimate bargaining to aid the lobbyist in getting Teamster benefits under the contracts.⁴ Union leaders significantly less sophisticated than Aloise understand that one cannot represent the interests of the employee and of the employer simultaneously in the same contract. Such arrangement would be a forbidden company union. 29 U.S.C. §158(a) (2).⁵ Aloise, the head of the IBT entity that used the lobbyist, claimed to represent both it and the lobbyist whose economic interests were adverse to the members-funded entity. That was so obvious an improper conflict that Aloise could not persuasively deny it. United States v. IBT [Simpson], 120 F.3d at 345-346 (2d Cir. 1997).

II. Aloise’s High Union Positions Are Aggravating Factors Justifying A Permanent Bar

⁴ The IRO has held that, “A contract purporting to provide bargained for rights of employees that is neither bargained for nor contains the actual terms of the employees’ employment is a sham.” (IRO Dec. at 41)

⁵ Title 29 U.S.C. §158 (a) (2) makes it an unfair practice for an employer “to dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it.”

Aloise holds some of the highest and most important positions in the IBT. (IRO Dec. at 5) Aloise acknowledged himself as one of the most sophisticated labor leaders in the country. (Aloise Liability Memo at 7) Throughout his course of violations, he fully understood what he was doing. He is an IBT International Vice President at Large, President of Joint Council 7, and principal officer of Local 853 in San Leandro, California. (Ex. 1 at 4; Ex. 7 at 3; Ex. 8 at 15; Ex. 9 at 15) Joint Council 7 is comprised of 22 Local unions in Northern California, Central Valley and in Northern Nevada. (Ex. 10) These Locals had 100,000 members. (Ex. 10) Local 853, where Aloise is principal officer, had over 10,000 members. (Ex. N-9 at 2) Aloise also is the director of both the IBT Food Processing and Dairy Divisions. (Ex. 1 at 10) The IBT represents more than 60,000 workers in the food processing industry and more than 35,000 workers in the dairy industry. (Ex. 11 at 2; Ex. 12 at 2) As the Director of these divisions, Aloise oversaw all the negotiations and other interactions with IBT employers, including SWS, from which Aloise took things of value. (Ex. 1 at 10-11; IRO Dec. at 11-13)

Aloise was one of the most highly compensated employees of the IBT. In 2014, the total compensation Aloise received from Teamster entities paid from members' dues, including deferred non-taxable benefits, was \$425,884. (2014 IRS Form 990 for the IBT, Schedule J, Part II, found at www.irsexempt.com.)⁶

Aloise is also a Union Trustee on the Western Conference of Teamsters Trust ("WCT"). (Ex. 1 at 5, 7)⁷ The WCT is the largest area-wide multi-employer pension plan in the United

⁶ In 2014, Aloise was paid total salaries from Teamster entities of \$301,284. Of that, \$149,854 was from the IBT, \$126,440 from Local 853 and \$24,990 from Joint Council 7. (Ex. 7 at 3; Ex. 8 at 15; Ex. 9 at 15) In addition, in 2014, Aloise received an additional \$65,781, in other compensation from the IBT and \$58,819, from Local 853 and Joint Council 7, including retirement, deferred compensation and non-taxable benefits. (2014 IRS Form 990 for the IBT, Schedule J, Part II, found at www.irsexempt.com)

⁷ His brother-in-law is the Trust's full-time Union chairman. (Ex. 1 at 7, 126)

States. (Ex. 1 at 5, 28; Ex. 13) He is the Union co-chair of the WCT's investment committee. (Ex. 1 at 27-28) In 2014, the WCT had a total investment portfolio of over five billion dollars. (Ex. 23 at 4) Aloise is also Chairman and a Trustee on the Teamsters Benefit Trust ("TBT"). (Ex. 1 at 4, 9-10)⁸ He is also a Trustee on both the IBT's Voluntary Employee Benefit Trust ("VEBA") and the IBT's Supplemental Benefit Trust. (Ex. 1 at 5-6, 50; Ex. 15)⁹

Under Consent Order precedent, Aloise's multiple high ranking positions are aggravating factors that merit a more severe sanction than for someone with less IBT responsibility. As Judge Preska explained in Hogan and Passo, "It is well within the IRB's broad discretion to conclude that Hogan and Passo's misconduct deserved a particularly severe sanction precisely because they held such high-level positions with the IBT." United States v. IBT [Hogan and Passo], 2003 U.S. Dist. LEXIS 14508, *45-46 (S.D.N.Y. 2003), aff'd, 110 Fed. Appx. 177 (2d Cir. 2004) In that matter, William Hogan, who was an International Representative, the Chicago Joint Council President, and a Local officer, and Dane Passo, who was Special Assistant to the General President, engaged in an unsuccessful scheme to collude with an employer to cause an IBT Local to enter into a CBA that would have caused members to lose work to lower paid workers. Passo was the General President's special representative to that local. Both Hogan and Passo, who held significantly less important positions in the IBT than Aloise, were permanently barred from the IBT. Unlike for Aloise, there was no proof that either had received anything of value from the employer or directed something of value be given someone else. Also unlike Aloise, they did not

⁸ Aloise described the TBT as a multi-employer, multi-union trust fund that was founded in 1983 and provides health and welfare benefits for about 25,000 people. (Ex. 1 at 9-10)

⁹ In addition, Aloise is the President of the Western Health Care Coalition, which is a group of separate Teamster funds, including the TBT, that act together to gain advantage from the increased purchasing power of the group in securing services. (Ex. 1 at 4-6)

commit multiple acts of racketeering. They also did not attempt to sabotage members' rights to a fair election in a local, as Aloise did.

Other Consent Order matters have held that when violations are committed by high ranking officials, such as Aloise, the offenses are graver and merit a more severe punishment. United States v. IBT [Carey], *supra*, 247 F.3d at 389-90 (discipline of the IBT General President and the IBT Political Director upheld; "Caselaw in this circuit supports the IRB's holding that because of Carey's position as the highest union official his misconduct was more serious. . . . Such an abuse of trust by a powerful administrative official undermines the faith of the public and the IBT members in the ability of the union to conduct its day-to-day affairs in a trustworthy and honest way"). For example, in United States v. IBT [Bane], 2002 U.S. Dist. Lexis 6751, *50-51 (S.D.N.Y. 2002), a local officer lied at his IRB deposition concerning contact he had with members of organized crime. The district court upheld the imposition of a permanent ban upon the findings he failed to cooperate with the IRB. ("Bane's relatively high-level position in the union – President of a large local union and International Representative – justifies the sanction.") *aff'd*, 59 Fed. Appx. 424 (2d Cir. 2003); *see*, United States v. IBT [Simpson], *supra*, 931 F. Supp. 1074 (S.D.N.Y. 1996); *aff'd*, 120 F.3d 341, 349 (2d Cir. 1997) ("It is well within the IRB's discretion to conclude that precisely because Simpson was a trusted, high-level official in the IBT, his conduct . . . was more culpable"; Simpson, the principal officer of his Local and an IBT Trustee, had allowed a person barred under the Consent Decree to be active in Union affairs); United States v. IBT [Piscopo and Maguire], 2012 U.S. Dist. LEXIS 176879 *12-13 (S.D.N.Y. 2012) (IBT officials held to a higher standard of conduct than members).

Aloise's pervasive wrongdoing while holding his multiple offices for which he was highly compensated is deserving of the most severe penalty. In United States v. IBT [Liguoritis], 814 F.

Supp. 1165, 1185 (S.D.N.Y. 1993), the Independent Administrator imposed a separate penalty of a permanent bar on each of two charges, including one for a pattern of conduct that fostered corruption through Ligurotis' violation of a federal statute, a local bylaw and an act in contempt of court. Judge Edelstein affirmed the Independent Administrator's sanction of a lifetime bar for Ligurotis' pattern of ignoring legal restraints. The Judge endorsed the Independent Administrator's explanation that he imposed that sanction because "one of the main objectives of the Consent Decree is to restore the rule of law to the IBT. When one who is in Ligurotis' position condones lawlessness, the core purpose the Consent Decree is frustrated. All members of the IBT, no matter how prominent and important they may be, must understand the rules of the local union and the rules of contained in the IBT Constitution apply equally to all IBT members." Id. at 1185. Similarly, in Carey, the Second Circuit explained "an abuse of trust... by a powerful administrative official undermines the faith of the public and the IBT members in the ability of the union to conduct in its day-to-day affairs in a trustworthy and honest way." United States v. IBT [Carey], supra, 247 F. 2d at 389-90.

The IRO's decision on Aloise's conduct concluded, "the cumulative nature of his conduct demonstrates a patent contempt for the rules and fair elections." (IRO Dec. at 44) The prior reported election violations involving Aloise further evidenced that Aloise does not follow rules that restrict his conduct. Similarly, Aloise's requests to the employer during contract negotiations in Chicago and California indicated Aloise would act illegally and ignore the most fundamental conflicts of interest for a union officer, when his personal interest was involved. It is easy for a suspended officer to use the guise of social contact as a means to attempt to maintain his influence in the union. Judge Edelstein noted in his opinion in Carey that one of the purposes of a permanent ban is to protect IBT officers and members from associating with an individual of dubious

character such as Aloise. United States v. IBT [Carey], 22 F. Supp. 2d 135, 145 (S.D.N.Y. 1998), aff'd, 247 F.3d 370 (2d Cir. 2001).

Given the extraordinary breadth and seriousness of Aloise's misconduct, a permanent bar is justified. In addition, Aloise has repeatedly shown his contempt for all legal restraints on his conduct. The only way to ensure Aloise's non-involvement in IBT affairs is through an associational ban where both he and those IBT employees and officers who have knowing contacts with him can be held accountable.

CONCLUSION

Based upon the foregoing, Aloise should be permanently barred from the IBT based upon the findings in the IRO's October 24, 2017 decision.

Dated: November 13, 2017

Respectfully submitted,

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