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April 28, 2004

VIA UPS

Mr. C. Thomas Keegel
General Secretary-Treasurer
International Brotherhood of Teamsters
25 Louisiana Avenue, NW
Washington, D.C. 20001

Dear Tom:

When Jim Kossler and I first appeared before the General Executive Board in July 1999 to present an anti-corruption plan intended to make the Teamsters Union capable of protecting its members from organized crime and systemic corruption, I delivered a warning. I told you that before retaining us, you needed to consider whether you would be willing to hold friends and political allies accountable to the standards of conduct by which all Teamsters are bound. I said then, and repeated often, that if I concluded that the union's leadership was not fully committed to fighting corruption, I would resign.

The General Executive Board as a whole and hundreds of Teamster leaders throughout the United States and Canada have worked hard over the past five years to transform the culture and reputation of the union from tolerance to steadfast resistance to corruption. I have come to admire the courage and sincere commitment they have shown and it is clear that their efforts have been enthusiastically embraced by the membership of the union.

However, in spite of our efforts to convince General President Jim Hoffa to remain committed to fighting corruption, I have concluded that he has backed away from the Teamsters' anti-corruption plan in the face of pressure from a few self-interested individuals. Because the General President plays such a critical role in enforcing standards of conduct within the union, my position has now become untenable. I can no longer permit

my presence in the union to act as an endorsement of his sincerity. It is, therefore, with great regret that I tender my resignation effective immediately and inform you that the investigative infrastructure that Jim Kossler and I created to protect the union from organized crime no longer exists.

In terminating my relationship with the union, I think it is important to inform you of what the program has accomplished and where it has failed. Project RISE, which became synonymous with the union's wide range of anti-corruption efforts, had an extraordinarily ambitious goal -- creating a culture among its 1.4 million members that would deter corrupt behavior, resist penetration by organized crime, and enforce standards of conduct fairly but firmly throughout the union. No organization that I am aware of has gone to the lengths that the Teamsters Union has to deal with the threat of corruption.

At the outset, Jim Kossler and I created an organization to carry out the mission of Project RISE on the scale to which the union had committed itself. We identified highly experienced ex-law enforcement agents specializing in organized crime and labor racketeering investigations from around the United States and the union retained them. Immediately they began to gather information for an assessment of the current level of organized crime in the union and to formulate a strategy for its removal. At the union's direction, these investigators and I began to follow up on information we received by documenting evidence so that the union could act on it thereby fulfilling its legal duty to protect its members from exploitation by racketeers.

To facilitate our investigations, Jim Kossler and I met with representatives of the FBI, Department of Labor, and U.S. Attorneys' offices from around the United States. We made great progress toward overcoming decades of mistrust between the union and law enforcement by expressing our belief in the sincerity of the union's support for Project RISE and by describing our approach to investigations. As a result, we created a network of government support that is essential to combating organized crime influence in the union.

The core mission of Project RISE, however, has been to engage the membership in the effort. No enforcement system can ultimately succeed without the support of the community it serves. Therefore, we assembled a task force of Teamsters who were truly representative of the union to propose a code of conduct reflective of Teamster values and an enforcement system that would become integral to the union. They worked diligently for a year attending 30 full day meetings and reading and commenting on thousands of pages of documents. Twice during the task force's deliberations, the draft code was circulated throughout the union for comment. It was to serve as the union's proposal in negotiations with the U.S. Attorney's Office, Southern District of New York, for modification of the consent decree that is currently in effect.

In late 2002 we released a 600-page report entitled, "The Teamsters: Perception and Reality - An Investigative Study of Organized Crime Influence in the Union." That historic document described the history of organized crime in the union, analyzed its origins, assessed its current level, and suggested a plan for the union to eradicate its vestiges. The most valuable contribution of the report was to make the case that organized crime is not inherent in the Teamsters Union. It originates from external sources, but will remain a threat to the union so long as racketeering is imbedded in the communities and industries in which the union operates.

Finally, we assembled a board of advisors whose reputations in the fields of law enforcement and labor are unparalleled. The advisors lent their time and reputations to guiding Project RISE and publicly supporting the union's sincere commitment to fighting corruption. In total the union has spent \$15 million on Project RISE.

As I have traveled throughout the union for the past five years speaking to thousands of Teamsters, I have been overwhelmed by their responsiveness. Project RISE is universally known among them and the vast majority whom I have met express pride in the commitment their union has made to self-policing.

Despite the success of Project RISE on many levels, Jim Hoffa has inexplicably retreated from the pledge he made in his message in the October 1999 issue of *Teamster* magazine:

I am absolutely committed to our new anti-corruption program because I believe it is essential to our long-term success and growth If there are any hidden mob associates in the union, we will identify and remove them.

Jim Hoffa has not presented the union's own code of conduct to the government as an essential element in any modification of the consent decree. More importantly, he has permitted anti-corruption investigations to be undermined to a degree that honest Teamsters who came forward with information believing that the union would protect them, now feel abandoned. They are convinced that once again those who have influence in the General President's office have immunity.

I will summarize two examples. The first occurred in a corruption case, the magnitude of which dwarfs any in recent years. The stakes were high because the corruption allegations were widely known and our investigation indicated that witnesses were at great risk for retaliation. As the result of intense lobbying on behalf of the union officials under investigation, Jim Hoffa resisted imposing a trusteeship and only reluctantly appointed a panel of Teamsters to consider whether a trusteeship should be established. The hearing panel held extensive hearings in a very contentious atmosphere. The panel was constitutionally mandated to issue its findings within 60 days from the receipt of the hearing transcripts. The panel did not do so. Instead, a trusteeship was finally imposed only after the IRB proposed charges against the local's two senior officers. Had the IRB not acted, it is extremely doubtful that the union would have done so.

At the very least, Jim Hoffa failed to assure that the Teamster Constitution was followed. Rather than creating an atmosphere in which serious allegations are resolved expeditiously and fairly, the record of this

case leaves the clear impression that the union is slow to react to corruption issues and is insensitive to witnesses' justifiable fears of retaliation.

The second example arises out of our ongoing mission to investigate organized crime activities in the union. As our organized crime study points out, much of the racketeering influence in the union has been removed through the efforts of federal law enforcement and the IRB. However, some pockets of organized crime remain. Most of our recent investigative efforts have been concentrated in one metropolitan area where organized crime remains a serious problem in business and politics, and is a threat to the union.

Over the past year, as our investigative efforts became more known to potential subjects and their allies, we began to experience active resistance from the General President's office. It soon became clear that the pressure was emanating from individuals whose interests were threatened by our investigations. Last September, we received intelligence information from several sources suggesting that a coordinated effort was under way to shut down our efforts in that area and that the power of the union itself was being used to achieve that objective. I immediately informed the General Counsel about this development and the concerns it raised.

During the next several months, the pressure to undermine our investigations intensified to a point where I finally informed the General Counsel that I felt compelled to prepare a comprehensive report on the investigations and recommend a course of action. Jim Hoffa would then have a clear choice of whether to take the steps necessary to restore the credibility of the anti-corruption program or remain passive. While the report was being written, the pressure against us increased and I began to receive calls informing me that the General President's office was circulating information that Project RISE was being shut down.

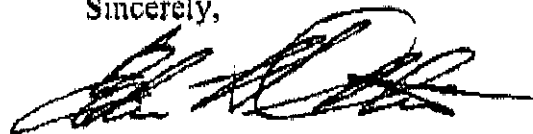
The General Counsel and I agreed that when the report was submitted, I would meet with Jim Hoffa and others to discuss further action. No such meeting occurred. Jim Hoffa has refused to meet with me. Instead he has surrounded himself with political consultants and lawyers. I have been

informed that rather than permitting the investigators who have worked for years to build trust among sources in organized crime as well as the union to continue to investigate, the issues are being distributed to the IRB and the Department of Labor. I have no lack of confidence in both organizations, but such a shift in responsibility can only result in a loss of momentum and a disruption in continuity thereby reducing the chances of successfully completing the investigations. It is also a further expression of the union's lack of commitment to self-policing.

The only aspect of the investigations that is not being referred has to do with the conduct within the General President's office. That will be handled by a lawyer selected by Jim Hoffa. Of all the matters discussed in our report, this is the one that most requires referral to the IRB. Jim Hoffa will likely be a witness as will others with whom he has had long-standing close personal relationships.

Based upon Jim Hoffa's reaction to our report, in which we have made it clear that we have substantial reliable information that organized crime again threatens the union, I have become convinced that my continued efforts and those of our investigators to create an anti-corruption program for the Teamsters Union would be futile. I can only hope that some of you and other Teamster leaders will one day pick up the pieces of what many in the union worked so hard to build and finally achieve the goal of institutional integrity that I know is possible.

Sincerely,



Edwin H. Stier

cc: General Executive Board Members
Patrick J. Szymanski
Charles M. Carberry
Andrew W. Schilling