STATEMENT OF ROBERT T. SIMPSON PRESENTED TO THE OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE OF THE HOUSE COMMITTEE ON EDUCATION AND THE WORKFORCE

Thank you for the opportunity to share my case with the Oversight and Investigations Subcommittee of the House Committee on Education and the Workforce. I am glad you are looking into the mismanagement of Teamsters' finances by former President Ron Carey. I tried to investigate this exact issue in 1993 and my career was destroyed as a result.

More specifically, after over 40 years of impeccable service to the International Brotherhood of Teamsters ("IBT") and Local 743, the largest local in the IBT, I now come before you having been wrongfully found guilty of bringing reproach upon the one and only union I ever loved and still love, the International Brotherhood of Teamsters. To understand why I have pursued this case to the verge of personal bankruptcy, it is necessary for me to explain my distinguished history of service to the IBT.

I am a 63-year-old African-American man who pulled myself up by my own bootstraps from being a Montgomery Ward warehouse worker to become the president of Local 743, the largest local in the IBT. I obtained this position by working 75 to 80 hours a week up to the time I was removed from office by then IBT President Ron Carey on August 22, 1994.

I have never been accused of having ties to any organized crime organization. I have never associated in any manner with any member of organized crime. Neither the Chief Investigator nor the Independent Review Board ("IRB") alleged or presented a single

piece of evidence to the contrary. In fact, I have undergone and cleared two FBI investigations initiated by Arbitrator Lacey, the head of the IRB, in connection with my becoming an International Trustee. I became an International Trustee at the 1991 IBT Convention when I was elected by the delegates to the convention with the highest vote total of any person running for any office at the Convention.

Until I was charged and removed from office for these bogus charges I had never even been accused of any wrongdoing in connection with my service to the IBT or otherwise. The only time I have ever been charged with anything was when I was arrested on union picket lines fighting for the rights of my fellow Teamster members.

For almost four decades I have been, and still am, a well-respected labor leader and was one of the highest-ranking African-American labor leaders in the country. The former Attorney General of Illinois, Roland Burris, and the former Mayor of Chicago, Eugene Sawyer, testified at the IRB hearing that I am a man of impeccable character and honesty who has spent his entire adult life fighting for the rights of working men and women. I was chosen by the United States State Department to oversee the recent history-making elections in South Africa. The City Council of Chicago unanimously passed a Resolution, that was sent to the IRB, demanding that I be given my job back. But most importantly, I am a man dedicated to serving the members of the IBT and Local 743, who desperately wants and deserves my job back.

Essential to this committee's understanding of why I know the charges against me, the IRB's Opinion and Decision and the District Court's approval thereof were politically motivated, is an understanding of the history of the relationship between myself and Ron Carey. Prior to August 3, 1993, when I, in my capacity as an International Trustee, with the two other trustees, wrote Carey a letter (See Exhibit A) questioning his handling of the IBT's finances, I had the full and uncompromised support of Carey and my character and integrity were never questioned.

Some examples of Carey's respect for my character and integrity are as follows. On February 17, 1992, Carey requested that I escort him to a luncheon at the AFL-CIO winter meeting in Miami with elected Illinois politicians and labor leaders. On March 3, 1992, Carey appointed me Chairman of a three-man panel to hold hearings on trusteeship issues involving Local 1714 in Washington, D.C. On April 29, 1992, Carey appointed me to be a member of the three-man panel charged with hearing a jurisdictional dispute involving Local 413. This same day, Carey later appointed me to be a member of another three-man panel to conduct a hearing concerning a raid of Local 407. On November 24, 1992, Carey appointed me Chairman of a three-man panel to hear the trusteeship hearing concerning Local 507 in Cleveland, Ohio, which was headed by Harold Friedman. On January 13, 1993, Carey made me Trustee of Local 703, after he had removed Daniel Ligurotis.

In June of 1993, my relationship with Carey changed forever. From June 15-17, 1993, myself and the two other

International Trustees performed an audit of the IBT's finances and discovered that the union was in a negative financial condition that put its financial stability in serious peril. Specifically, our audit showed, among other things, a significant increase in operating costs, low rates of return on our investments, and exorbitant per capita/affiliation fees.

In connection with this audit, in August of that year, myself and two other Trustees sent Carey a letter concerning these discrepancies and Carey's handling of the IBT's finances. (See Exhibit A.) We informed Carey that with a per capita tax at 3% per month and IBT membership having declined to below 1.5 million, prudence dictated that we devote our immediate attention to addressing the financial crisis facing the Union. To help this crisis we suggested to Carey that we look into the following areas for cutbacks:

I. **PERSONNEL POLICIES AND PRACTICES**

- An immediate freeze on hiring.
- A review of our compensation and benefits policies and practices.
- A reduction in Executive headquarters staff.
- The elimination of all non-essential positions.
- A review of the qualifications, duties, responsibilities, and need for all International Representatives hired in 1992 and 1993.
- Place an immediate hold on hiring any new employees to the organizing department and review all 1992 and 1993 hires, their IBT affiliation, membership, experience, etc.
- The IBT should cease paying the employee portion of FICA.

- Devise a more modest policy to replace the unlimited sick leave policy now in existence.

- All IBT officers and employees in a country other than the U.S. should be compensated based upon the position's value in the relevant labor market of that country.

II. EXPENSE REIMBURSEMENT, TRAVEL AND RELATED PRACTICES

- A return to a per diem method or expense reimbursement system and the elimination of IBT credit cards, with minor exceptions.

- Impose stringent controls on all IBT air travel, car rentals and hotel expenses. Require IBT employees to cease the use of limousine service and utilize shuttle service and taxi-cabs when shuttles are unavailable.

- Control the frequency of travel by General Executive Board (GEB) members and other employees to or from the IBT offices in Washington, D.C. The purpose and duration of the stay should be established prior to travel.

III. STRIKES AND OUT-OF-WORK BENEFITS

- Establish a procedure for site review of strikes, the eligibility of members for out-of-work benefits including, but not limited to, whether recipients are employed elsewhere, if strikers would have been on layoff at the strike company, and a determination of when strikes or boycotts are ineffective, lost, terminated, or abandoned.

IV. IBT ORGANIZING DEPARTMENT

- The IBT organizing department must be immediately surveyed as to the costs being incurred; personnel employed; compensation and expenses of personnel, the origin and experience of the personnel employed; and of course, we need to know how many millions of dollars are already spent; the number of new members who are under a contract and paying dues since the advent of the budget (multi-million) to put on these organizing drives.

V. **IBT MAGAZINE**

- Reduce the printing of the IBT Magazine to six (6) times per year or quarterly. In addition, immediate consolidation or elimination of the Teamster News Releases and the Teamster Leader to reduce postage, handling, materials and printing costs.

VI. **AFL-CIO AFFILIATION FEES**

- Decrease all affiliation fees to the AFL-CIO and their subdivisions by at least 50% of our current outlays.

VII. **LUNCHROOM**

- The lunchroom's menu should be substantially modified to provide a more modest offering of soups, salads, sandwiches, dessert and beverages.

VIII. **CONVENTION**

- It is most imperative that a convention be convened immediately to address the fiscal/financial issues that are taking irreversible tolls on our Union. The convention, amongst other issues, must address per capita taxes; affiliation fees; payroll and staffing of the IBT; strike benefits and all matters which impact the IBT negatively.

On or about September 17, 1993, myself and the other Trustees received a vicious, self-serving letter from Carey regarding our questioning of his financial management of the IBT. In this letter Carey attacks me and the other Trustees for questioning his handling of IBT finances. In this letter, Carey states that "[i]f the tone of this letter seems sharp, it is meant to be."

At a September 20-23, 1993 General Executive Board meeting, Carey for the first time informed me and the other Trustees that we were not welcome to stay when the Board went into Executive Session. We protested to no avail. On or about January 2-4, 1994, at another General Executive Board meeting, Carey again informed us that we were no longer welcome.

After we sent Carey the August 3, 1993 letter questioning his handling of IBT finances, Carey never asked me to serve on any more hearing panels. Furthermore, Carey's former constant contacts with me ceased, and Carey contacted me only through the IBT's General Counsel. Most telling, on June 30, 1994, less than one year after I questioned Carey's handling of IBT finances, these bogus charges were brought against me and led to my removal from office and the destruction of my career.

Specifically, the charges brought against me alleged that I brought reproach upon the IBT and violated the IBT's Constitution for allowing Peters to serve as a representative of Local 743 after his mandatory retirement in 1989. On December 20 and 21, 1994, the IRB held the hearing on the charges against me. At this hearing, the Chief Investigator did not present a single witness to testify in support of the charges. The only evidence the Chief Investigator offered was three volumes of exhibits relating to the charges. The Chief Investigator refused to even make a closing argument.

In response, through representation by Dan Webb and the law firm of Winston & Strawn, I offered four volumes of exhibits in

defense of my position that the proposed charges were unwarranted. In addition, I personally testified and presented eleven other witnesses who testified on my behalf also refuting the charges.

Nonetheless, on July 25, 1995, the IRB issued its Opinion and Decision wherein they determined the proposed charges against me had been established. In summary, the IRB found that I brought reproach upon the union by allowing Peters to attend lunch, dinner and fund meetings were Local 743's affairs were discussed, to incur expenses that were paid by Local 743, and to attend IBT functions. However, the IRB failed to cite even one decision which Peters allegedly made as an agent or representative of Local 743. Nor did the IRB cite one instance where Peters bound Local 743 to some decision or agreement he made. This speaks volumes. The only thing Peters did was provide background information and consultation on issues facing the local, of which he was one of the founding members. More importantly, in 1991, I informed the Chief Investigator that the Local was utilizing Peters' knowledge and paying for some of his expenses. I also informed him that the local had a legal opinion from its General Counsel that this was proper. Additionally, Arbitrator Lacey himself personally approved expenses for Peters after his mandatory retirement; Peters incurred these expenses representing the president of the IBT at an IBT sponsored function. For Lacey to find me guilty of bringing reproach for doing the exact same thing he did shows the political nature of the charges against me. Amazingly, the IRB also implied that I embezzled money from the local by paying certain expenses

for Peters and others in connection with union affairs. This is untrue. I have never been charged with embezzlement and deny ever doing so.

In conclusion, as a result of challenging Ron Carey's financial mismanagement, I was and am "permanently barred from holding any position with the IBT, or any IBT-affiliated entity in the future" and from obtaining "employment, consulting or other work with the IBT, or any IBT-affiliated entity." I have been forced to work odd construction jobs just to make ends meet. As an International Trustee, I was charged with the duty of annually auditing the financial records of the IBT and issuing a report concerning the same. I saw Carey misusing union funds and had a fiduciary duty to speak out. My obligations to the membership of the IBT exceeded any friendship and relationship I had with President Carey. Doing so has destroyed my life. However, it was the right thing to do and I would do it all over again if the same situation presented itself. I love the union to much not to. Thank you and God Bless.

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