



## Here's Our Story:

First of all, we asked the trustee whether there is any charge of theft or misappropriation of funds. He responded "no."

With this in mind, the Federation then failed to follow the proper procedures for imposing trusteeship. Pursuant Article IX, Section 5(b)(1) of AFGE's Constitution...

the National President shall be authorized and empowered with the approval of the NEC, to place any council or local under trusteeship only after the following procedures have been followed:

- (1) There will be mediation by a certified mediator, appointed by the National President and paid from the district in which the trusteeship is proposed. A council trusteeship will be paid by the Office of the National President. After mediation and conciliation has been exhausted to resolve any conflict;
- (2) The Federation should then review the documentation created during the period for resolution and provide a copy to the NEC;
- (2) After the review the disputed local should be notified within 120 days of the proposed notice to place a local in trusteeship and the reason why;
- (4) That the Federation allow the local a response period after notification (no more than 30 work days) to state why it should not be placed in trusteeship;
- (5) The Federation should then send a decision letter either sustaining or revoking a proposed notice of trusteeship;
- (6) This proposed notice should first be served upon the Executive Board by certified mail.

Prior to the imposition of trusteeship, the notice shall be sent by mail from the National Office to all members of the affiliate setting forth the reasons why the affiliate was placed in trusteeship. In all cases except secession or confirmed loss of leadership, all elected officers shall remain in office until after a decision from a fair and impartial hearing by the Federation. In all cases except secession or confirmed loss of leadership, the National President shall employ an independent arbitrator solicited from the AAA.

It is undisputable that none of these processes was followed. Instead, despite the fact that there was no fear of loss or misappropriation of assets, the Federation took control of Local 12 via the expedited processes for trusteeship outlined in AFGE's Constitution.

Pursuant Article IX, Section 5(b)(4) and (b)(5) –

In situations where there is: (1) a violation of law established by preponderant evidence gathered by AFGE or by local, state, or federal officials; (2) secession from AFGE; or (3) confirmed loss of leadership, the following shall apply:

The National President shall remove incumbent officers and give notice of the imposition of trusteeship to the membership of the local or the constituent locals of the council within five days, providing the time, date, and place of the trusteeship hearing.

Accepting as true, *arguendo*, the charges lodged against Local 12, none calls for the use of the expedited trusteeship process. The Federation has not even alleged any prospective misdeeds. All that is addressed

in the letter of trusteeship are charges of failure to expend the members funds on one member, utilizing CPAs (not named by the Federation) to timely submit to OLM our LM-2 and Form 990 to the IRS, and Local 12's expenditure of enforcement funds to distribute Local 12's \$7,000,000 overtime settlement. The Federation had no fear that the assets of Local 12 would be irreparably lost or that representation of the members would suffer.

No. The trusteeship was illegally imposed for a number of political reasons:

1. The Local 12 election was scheduled to take place on October 18, 2017. Things didn't look so good for the slate running against the incumbents. With trusteeship, the trustee cancelled the scheduled election and put into the officer's positions the persons scheduled to run against the incumbents. The federation claims that Local 12's members were upset with how their funds were utilized. If this was true, and there was a majority of angry members, the election should have gone forth, and the incumbents would have been thrown out of office in two weeks. The Federation had no reason to prevent this scenario from coming to fruition, except that it feared its wishes would not come true. Therefore, as opposed to the democratic electoral process, the Federation made up charges and tossed out the incumbents.
2. For ten years Alex Bastani and Eleanor Lauderdale pursued a Fair Labor Standards Act (FLSA) overtime grievance brought against the Labor Department. [BTW, the Department enforces the FLSA nationwide.] The case resulted in a \$7,000,000 settlement. The funds were distributed to present and retired employees at a luncheon event at the Hyatt (\$18,000 for the space and food for at least 1500 payees). The Federation tried to prevent the luncheon. The question is why. Simply put, the award gave Mr. Bastani a very high profile, and he has previously run against both National AFGE President Cox and AFGE Vice President Bunn. AFGE officials do not want to run against anyone with a \$7,000,000 settlement listed as an achievement.
3. Local 12 President Alex Bastani and National President J. David Cox are at odds on the National's political posture. Mr. Bastani accused Mr. Cox of ignoring the voice of the membership when he hurriedly endorsed Hillary Clinton for President in the presidential primary. According to Mr. Bastani, Mr. Cox's endorsement was at odds with a straw poll taken of the members.
4. Mr. Bastani was, at all times, attempting to shed light on the fact that the National President and most of the AFGE National Executive Committee (NEC) made exorbitant expenditures on themselves. For example, Mr. Bastani wrote and spoke about how this group traveled to Israel, at AFGE expense, for Mr. Cox to receive an award. The cost was in excess of \$650,000. Mr. Bastani would not let this matter slither away. He also challenged the NEC's act of awarding themselves with NBA-style championship rings. When confronted, the now-dethroned National Secretary-Treasurer Eugene Hudson agreed that the NEC would reimburse the AFGE treasury, but this never occurred, and Mr. Bastani was exposing this misuse of union funds.

Any charge of financial mismanagement is an outrage. Our books are squeaky clean. Our submissions to OLMS are never questioned. Our treasurer, Kevin McCarron, will explain how the charges that Local 12 contracted with an unapproved CPA firm are without merit.

#### **MESSAGE FROM KEVIN McCARRON:**

In September 2016, the membership passed a motion instructing Local 12's administration to engage a new auditing firm to audit the books for the fiscal year ending on June 30, 2017. (This year is Fiscal Year 2016-17.) Local 12's administration, particularly President Alex Bastani and Treasurer Kevin McCarron, kept the Audit Committee apprised of this motion via e-mail.

The Audit Committee of Local 12 proposed that Ms. Sandra Williams audit the books. President Bastani, Executive Vice President Lauderdale, and Treasurer McCarron wanted to make sure that this person identified by the Audit Committee was a CPA and was with an auditing firm. However, a search on a

registry of CPAs in the greater Washington DC area did not reflect Ms. Sandra Williams's credentials as a CPA. Consequently, Executive Vice President Lauderdale asked the Audit Committee for Ms. Williams's curriculum vitae so that Ms. Williams's education, experience, and credentials in accounting and auditing could be assessed. No curriculum vitae was ever presented to Ms. Lauderdale in response to her specific request. President Bastani, and subsequently Treasurer McCarron, made it clear to the Audit Committee that we would not affix their names to any work not performed by a CPA. Despite the fact that at the September 2016 membership meeting the Audit Committee was charged with contracting a new auditing *firm*, the committee failed to do so. Apparently, the committee was unaware of how crucial it is for every union to timely abide by its fiduciary responsibilities.

Because the LM2 *must* be filed by end of the 90th calendar day after the close of a local's fiscal year (September 28, in Local 12's case), and because the Audit Committee of Local 12 had not contracted with a new auditing firm, Bastani and McCarron decided that a CPA firm had to be engaged to prepare and file the LM2. President Bastani and Treasurer McCarron agreed that in view of the shrinking filing timeframe, the best CPA firm to prepare the LM2 would be the CPA firm that had prepared the LM2 and IRS Form 990 for the previous 3 fiscal years. Therefore, they signed an Engagement Letter with the accounting firm of Weyrich, Cronin, & Sorra, requesting that the firm prepare only the LM2 and the IRS Form 990. The charging party clearly cannot distinguish between the hiring of the firm to prepare mandatory filings and their being called upon to conduct an audit. The firm of Weyrich, Cronin, & Sorra was not engaged to conduct an audit for Local 12, and in fact, it has not conducted an audit for Fiscal Year 2016-17.

On its face, the Engagement Letter reflects that Weyrich, Cronin, & Sorra was only being engaged to prepare and file the LM2 and IRS Form 990. It was not hired to conduct an audit on Fiscal Year 2016-17, and it did not do so. Further, the first page of the LM2 shows that Weyrich, Cronin, & Sorra did not prepare an audit when it completed the LM2. In response to question #12, as to whether the labor organization had an audit or review of its books by an outside accountant, Weyrich, Cronin, & Sorra answered "no." The LM2 is available for public viewing on the webpage of the Office of Labor Management Standards of the U.S. Department of Labor: <https://olms.dol-sa.gov/query/getOrgQry.do>

All said, there have been no financial or representational misdeeds. There has simply been a sloppy *coup d'état* by AFGE National Office and District 14.