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June 25, 2013

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The Honorable William H. Webster
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Re: Decision on IRB-Recommended Charges Regarding Bradley A. Slawson,
Bradley D. Slawson and Todd Chester

Dear General President Hoffa:

The Independent Review Board ("IRB") has reviewed the IBT's April 1, 2013 decision on the IRB-recommended charges against Bradley D. Slawson ("Slawson, Sr."), Bradley A. Slawson ("Slawson, Jr.") and Todd Chester ("Chester") as well as Slawsons' counsels' April 15 and May 7, 2013 submissions objecting to the IBT's decision.¹ The IRB reviews decisions on IRB-recommended charges based upon the whole record. See, United States v. IBT [Carey and Hamilton], 247 F.3d 370, 379-380 (2d Cir. 2001) ("We review the IRB's findings of facts for 'substantial evidence' on the whole record." (citations omitted)); United States v. IBT [Hahs], 652 F. Supp. 2d 447, 451 (S.D.N.Y. 2009) (District Court reviews IRB's fact finding based upon the "whole

¹ In this letter "IBT Dec." refers to the IBT decision on the IRB-recommended charges; "Tr." refers to the transcript of the IBT hearing on the charges, "Ex." refers to the exhibits to the IRB investigative report and the exhibits introduced by the attorney presenting the case on the charges; "April 15 Ltr." refers to the April 15, 2013 letter from Slawsons' former counsel Brian Toder; "May 7 Ltr." refers to the May 7, 2013 letter from Slawsons' current counsel Nancy Luque and "Ex. C" refers to exhibits the Slawsons introduced at the IBT hearing.

record"). Pursuant to Paragraph G(f) of the March 14, 1989 Consent Order and Paragraph I(7) of the Rules and Procedures for Operation of the Independent Review Board ("IRB Rules"), as detailed below, the IRB finds the IBT's findings and sanctions to be not inadequate.

Slawsons' counsel has presented multiple arguments to the IRB as to why the IBT decision should not be sustained. All are without basis. Some of the specific arguments are addressed below.

Charge One - Slawson, Sr.'s Embezzlement

Counsel argued that the payments totaling \$90,000 to Chester did not come from Local funds. (May 7 Ltr. at 3) The IBT properly found that Stone Construction's ("Stone") documents showed the payments totaling \$90,000 to Chester were part of the cost of the job that the construction company charged the Local. (IBT Dec. at 20-21) According to records Stone submitted to Bank Mutual, its fee was \$135,282. (Ex. 1006) As the IBT found, "it is utterly implausible that Stone would have reduced its fee to a comparatively nominal amount so it could pay Chester." (IBT Dec. at 20-21) In an April 15, 2013 letter to the IRB, Slawsons' former counsel argued that Slawson Exhibit C11 "conclusively proves that the payment by Stone Construction to Todd Chester was not included in the costs to Local 120, because Exh. C11 memorialized all of the costs that were incurred by Stone and paid for by Local 120." (April 15 Ltr. at 1) The argument ignored the evidence. Slawson Ex. C11 included a document Stone produced titled "Accounts Payable Check Register by Job" printed from the system on June 21, 2012, which did not include the Chester checks. At the IBT hearing, the attorney presenting the evidence

supporting the charges introduced an "Accounts Payable Check Register by Job" Stone also produced printed from the system on August 22, 2012, which included the two checks from Stone to Chester. (Ex. 6043; Tr. 199-201) Both documents were titled "Accounts Payable Check Register by Job" and contained the notation "Only job related checks are printed." (Ex. C11 and Ex. 6043) The job number was for the Local. In addition, Stone's payments to Chester were also reflected on a "Job Cost Report" that Stone produced in response to a subpoena. (Ex. 1008 at 6) The evidence established that the payments to Chester were from the Local's payments to Stone.

Counsel also argued the \$90,000 paid to Chester was explained as a fee of 3% of the "total contract price" based on an agreement between Stone and Chester. (May 7 Ltr. at 3) There was no evidence to support this assertion. No agreement was introduced. The alleged proof was an unsupported assertion contained in a letter from Stone's counsel. (Ex. 1096) Moreover, the \$90,000 paid to Chester was not 3% of the "total contract price" of \$3,091,514 as counsel argued (May 7 Ltr. at 3) or 3% of the "total project cost" of \$3,185,482 as counsel for Stone claimed during the IRB's investigation. (Ex. 1096)² Furthermore, the Slawsons' submission inaccurately claimed that documents showed that Stone had previously paid Chester 3% of the contract price in another unrelated transaction. (May 7 Ltr. p. 3) The documents did not show that Stone paid Chester 3% of the contract price as counsel claimed. (Ex.

² Three percent of \$3,091,514 is \$92,745.42 and three percent of \$3,185,429 is \$95,562.87. There would be no reason for Chester to accept less than he was due. The 3% fee based on a claimed unmemorialized oral agreement was not proven.

1126) From the documents, the basis for Stone's \$15,400 payment to Chester in the prior 2006 transaction was unclear. (Ex. 1126)

The contractor thus unquestionably took \$90,000 it was not entitled to and passed it to Chester. The evidence supported Slawson, Sr.'s complicity in the contractor's embezzlement. The additional evidence supporting the IBT's decision that Slawson, Sr. embezzled the \$90,000 Stone paid to Chester included the close personal relationship between the Slawsons and Chester and Slawson, Sr.'s statement to Local 120 Vice President Louis Miller at the building construction site that, "[Chester] has got to get some money for this." (Ex. 4 at 31-32) Moreover, the circumstances of Stone's rapid selection as general contractor replacing Ryan Construction, which had already done work on the project, without any review by the Project Manager the Local hired further supported the IBT's finding that Slawson, Sr. embezzled the money from the union that was paid to Chester. (Exs. 1010, 1011, 1012) As did Slawson, Sr.'s failure to exercise the Local's right to conduct an audit of contractor expenses.

Charge Two - Slawson, Sr.'s and Slawson, Jr.'s Breach of Fiduciary Duties

The IBT properly found that both Slawson, Sr. and Slawson, Jr. "breached their fiduciary duty in connection with the submission to Bank Mutual of bogus documentation purporting to confirm the Local's transfer of its interest in the Blaine real estate to the Building Holding Company, as well as the Local's guarantee of the loan." (IBT Dec. at 22) The false documents included the September 28, 2007 bogus minutes of the "Board of Director's Meeting of Teamsters Local

120" which Slawson, Jr. signed in which the Local purported to transfer its interest in the land purchase agreement to the Building Holding Company and further agreed to act as a guarantor of the loan to the Building Holding Company. (Ex. 1055) There was no requisite Executive Board approval for this. (Ex. 1055; Ex. 2 at 40-42) The false documents also included the July 31, 2008 "President's Certificate Concerning Action of the Board of Directors Taken in Writing in Lieu of Meeting Teamsters Local 120 Building Holding Company" ("President's Certificate") which purported to be authorization from the Building Holding Company to borrow the additional \$295,500. (Ex. 1119) There was no Building Holding Company approval for this. (Exs. 1119, 1083; Ex. 4 at 29-31) Slawson, Sr. signed this false document. (Ex. 1119)

Slawsons' counsel also argued that there was no evidence of the "materiality" of the false statements submitted to Bank Mutual. (May 7 Ltr. at 4) In addition to the September 28, 2007 minutes Slawson, Jr. signed and the July 31, 2008 President's Certificate Slawson, Sr. signed, Slawson, Sr. also signed on behalf of the Local, loan guaranty documents that he had no authority to sign since there was no requisite Executive Board approval. The IBT found fully supported by the evidence that the Local's Executive Board did not "approve the terms of the modification to the construction loan in 2008, including an additional guarantee provided by the Local and the pledging of additional collateral. These transactions were completed under the signature of Slawson, Sr.." (IBT Dec. at 12-

13) All these documents were material to the loan Bank Mutual issued to the Building Holding Company. Who is obligated to repay a loan is obviously of major concern to the lender. One of the conditions precedent in the Amendment to Construction Loan Agreement Slawson, Sr. signed on July 31, 2008 required the Building Holding Company to provide Bank Mutual with "[r]esolutions of Borrower authorizing Borrower to execute and deliver this Amendment and other documents on behalf of Borrower" (Ex. 1114) The false President's Certificate Slawson, Sr. signed that same day was designed to satisfy this requirement. (Ex. 1119)

Counsel further alleged that there was no evidence that either Slawson, who signed the documents, actually submitted them to Bank Mutual. (May 7 Ltr. at 4)³ Even if the Slawsons' agent, and not the Slawsons themselves, submitted the documents to Bank Mutual, the Slawsons signed the false documents knowing they would be submitted to the bank. There was no other purpose for the false documents.

Counsel also argued that the IBT should not have found that Slawson, Jr. breached his fiduciary duties by failing to monitor or audit Stone's expenses because Slawson, Jr. was not the Local's principal officer. (May 7 Ltr. at 5, 6) The simple answer to this objection is that the IBT did not find that Slawson, Jr. breached his fiduciary duty in that regard; it found that Slawson, Sr., the Local's

³ In response to a subpoena, Bank Mutual produced the relevant documents the Slawsons signed. (Exs. 1114, 1119)

principal officer, did so. (IBT Dec. at 24)⁴ With regard to the breach of fiduciary duty charge against Slawson, Sr., the IBT properly found that Slawson, Sr.'s "failure to hold Stone accountable for its costs under a "cost plus" contract amounted in our view to [a] plain and obvious breach of fiduciary duty." (IBT Dec. at 24)

Counsel further claimed that Slawson, Sr. relied upon attorney Dick Kavaney ("Kavaney") to "manage the building costs" and counsel also claimed reliance on Kavaney "in negotiating the construction contract and for his advice and assistance in monitoring the contract. Kavaney advised Local 120 that it was unnecessary (and expensive) to audit, particularly because Stone had not overrun (lost money) on the project." (May 7 Ltr. at 4, 5-6) There was no evidence that Kavaney was "monitoring the contract" or "manag[ing] the building cost" as counsel claimed. (May 7 Ltr. at 4-6) Indeed, Kavaney's billing records to the Local indicated that his last work for the Local was on November 29, 2007 which was the month in which the Local entered into the contract with Stone. (Exs. 6035, 406, 407, 1001)⁵ Furthermore, during his IRB sworn examination when questioned about any audit of Stone's costs, Slawson, Sr., who spewed forth a litany of false claims as to who monitored costs, did not claim Kavaney gave advice that no audit was necessary. (Ex. 1 at 110-132) Moreover, the undated letter from Kavaney to Lyle Slawson which the Slawsons introduced during the IBT hearing did not state that Kavaney

⁴ As described above, Slawson, Jr. was found to have breached his fiduciary duties in connection with the false September 28, 2007 minutes he signed that were submitted to Bank Mutual. (IBT Dec. at 22)

⁵ Stone's final draw application to Bank Mutual was dated October 2008, eleven months after Kavaney's last work for the Local reflected on his billing records. (Exs. 1025, 6035)

advised Slawson, Sr. or anyone else at the Local that no audit was necessary. (Ex. C70)⁶ Moreover, that was not advice Slawson, Sr. could have relied on. Whether to have an audit or not was not a question of law for a lawyer to advise on. The Local paid the maximum possible price and it had the right to audit; even a cursory audit would have revealed Stone was charging for items not covered under the contract.⁷

Counsel also claimed that "Local 120's auditor audited the costs" of the building project. (May 7 Ltr. at 4) Like almost all of counsel's claims, there was no evidence to support this. In a document entitled "Independent Accountant's Report on Applying Agreed-Upon Procedures" dated October 9, 2012, which was four years after Stone's final draw application (Ex. 1025), Legacy Professionals, the Local's certified public accounting firm under the Slawsons, provided a "Schedule of Construction Loan Draws" and a "Schedule of payments from draws and down payment amounts". (Ex. 1085) Legacy's "Schedule of payments from draws and down payment amounts" showed to

⁶ In the undated letter, Kavaney wrote to Lyle Slawson, "You asked for my experience with cost plus not to exceed contracts. . . . In the absence of material changes encountered during construction it is my experience that audits are not performed. From what I recollect of the project there were no material changes encountered. And from what I recollect of the project cost negotiations I would think the general contractor overran its estimated costs." (Ex. C70)

⁷ Stone's "Job Cost Report", which included the payments totaling \$90,000 to Chester, listed expenses totaling \$2,918,720.43 for the Teamster project. (Ex. 1008) Stone received \$3,185,429 from Bank Mutual for the project. (Ex. 1002) Accordingly, based upon records Stone produced, there was \$266,708.57 of the Local's money unaccounted for in the Job Cost Report. In a letter to the Chief Investigator dated September 6, 2012, Stone contended that its fee was \$129,977.75. (Ex. 1065) This left \$136,730.82 in Local money unaccounted for in the Job Cost Report. In a September 6, 2012 letter to the Chief Investigator, Stone claimed, without providing any documentation, there were additional expenses, such as forklift usage, which totaled \$249,538. (Ex. 1065) Pursuant to the Stone contract with the Local, certain expenses of the type Stone claimed in this letter were specifically excluded from the "Cost of the Work". (Ex. 1001 at 6) This provided additional evidence that Slawson, Sr. breached his fiduciary duty when he failed to have an audit of Stone's expenses performed.

what entity the money was initially paid, included the \$3,185,429 paid to Stone. (Ex. 1085) It did not show Stone's payments to subcontractors or to anyone else. (Ex. 1085) It did not purport to show Stone was in fact entitled to those payments under the contract terms. It was not an audit of Stone's costs. Moreover, Legacy only did this limited summary after Slawson, Sr.'s September 25, 2012 IRB sworn examination. (Ex. 1; Ex. 1085) ⁸

Counsel also argued that attorney Martin Costello should have been questioned and that Costello "could have explained all of the decisions and actions that were taken with respect to Local 120's new building and the loan. . ." (May 7 Ltr. at 12) As the IBT properly found, Costello "denied he gave such advice." (IBT Dec. at 23) The evidence supported this finding. In an email dated October 15, 2012 to the Chief Investigator, Costello stated that he was not directly involved in the building project and further stated "I gave no legal advise of any kind on the land acquisition, project managers, financing, . . . building contract . . . or anything else related to the building project." (Ex. 1125) The Slawsons, who knew about that email which was an exhibit to the IRB report recommending charges (Ex. 1125), did not call Costello as a witness at the hearing. The IBT properly found that ". . . the Slawsons made no attempt to present evidence from the other attorney who had allegedly provided" legal

⁸ Counsel argued that the IBT decision included certain Stone expenses "that they claim should not have been allowed but this charge was never made nor given to either Slawson before or at the February 28th hearing." (May 7 Ltr. at 6) Counsel did not cite what part of the IBT decision she was referring to, but it appears that she was referencing the IBT's finding on pages 8-9 regarding forklift usage charges, escrow money that was not returned to the Local and Stone's fee. Contrary to counsel's claim, these items were included in the IRB's investigative report at pages 44-47.

advice regarding the bogus documents submitted to Bank Mutual. (IBT Dec. at 23) ⁹

Charge Three - Slawson, Sr.'s and Slawson, Jr.'s False Statements to Bank Mutual

The false statements to Bank Mutual are discussed above. Counsel argued that there was no basis to find that Slawson, Jr. submitted a false statement to Bank Mutual. (May 7 Ltr. at 6) This claim ignored that Slawson, Jr. signed the September 28, 2007 false minutes described above. (Ex. 1055)

Charge Four - Slawson, Sr.'s and Slawson, Jr.'s Embezzlement of Bar and Gaming Stipends

With respect to the Slawsons' embezzlement of the Bar and Gaming stipends, counsel relied upon attorney Dan Phillips' statement that "the state of North Dakota Gaming Board sets how stipends are to be paid -not Local 120. . ." (May 7 Ltr. at 7) As the IBT properly found, this argument ignored that the Local wholly owned the Bar and Gaming operations. (IBT Dec. at 24-25) Those operations were reported on the Local's Form LM-2s and the Local's Financial Statements. (Exs. 304, 322, 323, 328, 330, 2000) The Local's Bylaws had to be complied with when taking Local money. As the IBT found, the Slawsons failed to obtain the requisite Executive Board approval to disburse Local property to themselves. (IBT Dec. at 25)

⁹ Counsel claimed that Tom Gilbert from American Pride was hired to handle the financing of the building project and Staubach was hired to oversee the construction and they should have been interviewed. (May 7 Ltr. at 4) The Slawsons submitted Gilbert's sworn testimony during the IBT hearing. (Ex. C 4) Staubach did not monitor Stone's costs. As Slawson, Sr. testified during his sworn examination, Staubach's role was to review projected costs and determine whether work was being done according to schedule. (Ex. 1 at 118-119) Furthermore, Staubach's fee was based upon the total cost of the building project. (Ex. 1029) Accordingly, it was not credible that Slawson, Sr. would rely on Staubach to be the monitor of Stone's actual costs.

Charge Five - Slawson, Sr.'s Sham Contract with American Pride

The IBT decision stated that, "[a] sham contract is one entered into by a labor union which does not have a legitimate collective bargaining purpose, such as when benefitting the supposed employer is the real purpose for the relationship." (IBT Dec. at 25) Respondents' counsel inaccurately claimed that the IBT Decision provided no evidence that the contract Slawson, Sr. entered into with American Pride was a sham other than to state that the contract procedures in the IBT Constitution were not complied with. (May 7 Ltr. at 7) To make this incredible argument, counsel had to ignore the language of the contract. In contrast to counsel's claim, the IBT properly found that the two contracts Slawson, Sr. signed with American Pride "expressly disclaimed . . . a collective bargaining relationship. . ." which was evidence of the sham nature of the agreements. (IBT Dec. at 25-26) The additional evidence supporting the IBT's finding included the failure to hold proposal meetings for both contracts, the failure to hold a contract ratification vote on the second contract, that "the employer retained complete and unilateral discretion with respect to employee compensation, benefits, discipline and discharge" and ". . . what appears to have been blatant violations of Section 302 in connection with the procedures used by the Company to meet its employees' purported dues obligations under the 'contract.'" (IBT Dec. at 26; Ex. 11 at 15-18)

Charge Six - Slawson, Jr.'s Misleading Testimony

The IBT found that Slawson, Jr. testified in a misleading way during his IRB sworn examination when he testified that he had not seen a 7 Corners invoice and had not contacted Dan Winter, the owner of 7 Corners, about changing the invoice. (IBT Dec. at 27-28) The evidence supporting the IBT's finding included the sworn examination testimony of Slawson, Jr.'s former administrative assistant and contemporaneous documents from 7 Corners. (IBT Dec. at 27) A December 18, 2009 letter from 7 Corners to Slawson, Jr.'s former administrative assistant stated, "We still had this past due invoice for Junior that was from him trying to become a delegate last September at the Rochester DFL convention. I guess after sending this in to you guys for payment he called Dan W and asked him to change the name of the job to submit it to be paid that way." (Ex. 4003)¹⁰ The IBT properly found that the evidence corroborated the letter which reflected that Slawson, Jr. called Winter about the invoice. (IBT Dec. at 27) This evidence included ". . . the fact that the invoice was subsequently altered by adding the 2008 charges to a more current invoice to Slawson, Jr.'s Local Union election campaign, the testimony of Slawson, Jr.'s former administrative assistant that she refused to call 7 Corners to request that the invoice be altered and metadata showing that the alteration specifically related to the invoice Slawson, Jr. claimed he did not recall seeing." (IBT Dec. at 27)

¹⁰ In counsel's submission, it was alleged that a "close reading of the letter suggests" that the "he" who called "Dan W" to change the name of the job was "the individual who sent the invoice to Local 120 in the first place - not Slawson, Jr." (May 7 Ltr. at 8) It makes no sense that the person from 7 Corners who sent the invoice to Slawson, Jr. would contact the owner of 7 Corners to "ask him to change the name of the job". Rather, as the IBT found, the evidence showed that Slawson, Jr. asked Winter to change the name of the job, something Slawson, Jr.'s administrative assistant testified that she had refused to ask 7 Corners to do. (Ex. 9 at 33; IBT Dec. at 27)

Charge Seven - Todd Chester

Former Local 120 member Todd Chester failed to appear at the IBT hearing and failed to submit any objection regarding the IBT's decision to the IRB. The evidence fully supported the IBT's finding that Chester, ". . . embezzled liquor from Local 120's Fargo bar while he was an employee and member of Local 120." (IBT Dec. at 28)

Charge Eight - Slawson, Sr.'s and Slawson, Jr.'s Bylaw Violations

In connection with the Bylaw violations charge, the IBT properly found that, "[r]equired membership approval was not obtained for the Local's purchase of the Blaine property. Nor was Executive Board approval obtained for the complex loan transactions entered into to finance the project." (IBT Dec. at 28) The Slawsons claimed that a membership meeting on February 16, 2006 constituted membership approval for the purchase of the land and the building of a new building. (May 7 Ltr. at 9) The purchase of the land and the construction of the building took place in 2007 and 2008. The IBT properly found that the February 2006 resolution ". . . was insufficient to cover these transactions. The purchase of the Blaine parcel was not submitted to the membership. . ." (IBT Dec. at 28) The Bylaws required the membership to approve the "terms and conditions" of the land purchase and mortgages the Local actually entered into. (Ex. 300 at 11) For the purchase of the land and the borrowing of the funds to construct the building in November 2007 (Ex. 1031), the members and Executive Board were never given any information necessary to make the decision the Bylaws required them to make before the Local could enter into such transactions.

Both Slawson, Sr. and Jr. were found to have violated the Local's Bylaws. (IBT Dec. at 28-29) Counsel argued that Slawson, Jr. should not have been found to have failed to keep itemized records of monies spent on the building project and should not have been charged with violating the Bylaws in connection with the hiring of experts. (May 7 Ltr. at 10) There were no such findings. The IBT found that Slawson, Sr., not Slawson, Jr., violated the Bylaws in those respects. (IBT Dec. at 29) These findings were amply supported by the evidence.

Both Slawsons were found to have violated the Bylaws when they caused \$189,130.87 in strike fund money to be used for the building project. (IBT Dec. at 28-29) Slawson, Sr. directed that the strike fund money be transferred into the Local's general fund. (Exs. 1121) Both Slawsons authorized the transfer of the \$410,000 to Bank Mutual to be used for the building project. (Ex. 1027) This \$410,000 included the money from the strike fund. (Exs. 1027, 1028) During his IRB sworn examination, Slawson, Jr. claimed he did not know where this large amount of money came from which, if true, amounted to conscious avoidance of knowledge of the strike fund Bylaw violation. (Ex. 2 at 58)

Counsel argued that Slawson, Sr. "set aside other CD'S [sic] that were in the general fund for replacement for the strike fund CD'S [sic]." (May 7 Ltr. at 10) The IBT properly found that there was no support for this assertion. (IBT Dec. at 29) Indeed, the two certificates of deposit that Slawson, Sr. claimed were set aside for

the strike fund continued to be described in Local records as general fund money. (Exs. 1028, 1123, 1124)¹¹

Slawson, Sr. was also found to have violated the Local's Bylaws when he retained experts without the requisite Executive Board approval. (IBT Dec. at 29) Counsel claimed that Slawson, Sr. relied upon Costello's advice who "opined that the experts he hired were used for a temporary period so that the Secretary-Treasurer had the right to hire or fire without e board approval." (May 7 Ltr. at 10) With respect to Slawson, Sr.'s hiring of Chester, counsel reiterated this claim regarding Costello's alleged advice and, citing a declaration she signed on February 27, 2013, stated that "Costello confirmed this to undersigned counsel." (May 7 Ltr at 9) Counsel's declaration did not state that Costello "interpreted the bylaws as allowing the hire [of Chester] without board approval because the position was to be of a short duration." (May 7 Ltr. at 9)¹² Moreover, such an interpretation was unreasonable on its face and could not have been relied upon.

There was nothing "vague" about the Bylaw provision regarding the retention of experts as counsel claimed. (May 7 Ltr. at 10) The Local 120 Bylaws stated that the Local's principal officer ". . . shall also select the . . . expert services to be retained by the Local Union, subject to the approval of the Local Union Executive Board." (Ex. 300

¹¹ Moreover, for two accounts, an account at Union Bank and an account at the Teamsters Credit Union, that Slawson, Sr. claimed he had designated strike fund accounts, Slawson, Sr. signed deposit control agreements giving Bank Mutual a security interest in the accounts. (Exs. 1117, 1118)

¹² In her Declaration, counsel made the blanket statement, ". . . Mr. Costello assured me that he had given Mr. Slawson advice and/or recommended other counsel who gave Mr. Slawson advice with respect to every matter he was asked about at his deposition and that Mr. Slawson had always taken such advice." (Ex. C72 at 6)

at 4) There was no exception in the Bylaws regarding "temporary" experts. Slawson, Sr. was an experienced union officer who had been an International Vice President and knew what the Bylaws required.

Charge Nine - Slawson, Jr.'s Breach of Fiduciary Duty regarding Sporting Tickets

The IBT properly found that Slawson, Jr. breached his fiduciary duties in connection with the Local's sporting tickets. Slawson, Jr. had control over \$214,000 of sporting tickets the Local ordered. (Exs. 3001-3014) As the IBT found and the evidence supports, "[t]he records maintained by Slawson, Jr. regarding the use of the tickets fail to document who used the tickets or identify a proper union purpose for them." (IBT Dec. at 29-30) While names were given for some of the tickets, rarely were all the names of who used the tickets for a game listed. (Exs. 3016-3020)¹³ Most importantly, in almost all instances there was no union purpose recorded as to why the person who received the tickets was given the tickets. (Exs. 3015-3031)

Charges Ten and Eleven - Slawson, Jr.'s and Slawson, Sr.'s Embezzlement of Expenses

The evidence supported the IBT's finding that both Slawsons breached their fiduciary dues when they used the Local's credit cards to pay for bar and restaurant charges without providing a union purpose for the charges. As the IBT properly found, ". . . we reject the suggestion that there is a 'good and welfare' rule which permits the expenditure of union funds for drinking binges after or before union meetings." (IBT Dec. at 33)

¹³ In many instances, there was only a first or last name or initials listed and in many instances the names could not be read. (Exs. 3016-3020)

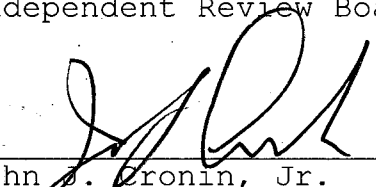
The Slawsons criticized the IBT for failing to call or interview certain witnesses, including Tom Gilbert, Dan Phillips, Dick Kavaney and John Mueller. (May 7 Ltr. at 11-13) The Slawsons had ample notice of the evidence against them and had every right to present evidence to rebut it. The Slawsons could have presented evidence from these individuals. Indeed, the Slawsons introduced the transcript of Tom Gilbert's sworn examination which their former counsel had conducted on January 30, 2013, an undated letter from Kavaney and a letter dated October 29, 2012 from Dan Phillips. (Exs. C4, C18, C70; Tr. 88-89)

The other arguments raised in Slawsons' counsels' submissions have been reviewed and do not change the IRB's determination that the IBT's April 1, 2013 decision is not inadequate.

Very truly yours,

Members of the
Independent Review Board

By:



John S. Cronin, Jr.
Administrator

Cc: Charles M. Carberry, Esq.
Bradley T. Raymond, Esq.
Nancy Luque, Esq.