

# TEAMSTER

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# Congress Must Vet the TPP

A MESSAGE FROM GENERAL PRESIDENT JAMES P. HOFFA

Workers across the U.S. are working harder today for less pay than they received just a few years ago. This is due to a variety of factors, from bad trade deals to right-to-work laws to employee misclassification.

Jobs that once allowed wage earners to support their families disappeared during the last recession, replaced by jobs that pay poverty wages. But more importantly, millions of good jobs have been exported over the past 20 years because of bad trade deals such as NAFTA, CAFTA and PNTR. It's no accident that the average American family's income has fallen over that period as politicians of both parties signed "free trade" deals that trade American jobs and safety standards for bigger corporate profits.

As difficult as it is for hardworking Americans to lead middle-class lives today, it could get worse if Congress doesn't make sure trade agreements currently being negotiated are in the interest of American families. Congress has virtually no input into the controversial Trans-Pacific Partnership (TPP) as talks are being held behind closed doors with 600 corporate "advisors."

Members of Congress are inching toward considering the TPP deal on a straight up-or-down vote. If that happens, lawmakers would be giving away their own ability to amend the pact once trade representatives with the U.S. and 11 other Pacific Rim nations agree to it. Approval of so-called "fast-track" authority would also limit debate on the deal and keep many of its details shrouded in secrecy until it is too late.

What is there to lose under fast track? Plenty. If Congress approves fast-track authority, many concerns about the deal

may not even be debated. Even if they do, no changes would be allowed in the trade agreement's language. Lawmakers would have to decide whether to vote "yes" or "no" on a trade deal that's probably flawed but can't be fixed.

Fast track ties the hands of elected officials. Members of Congress wouldn't have a chance to amend TPP language that could cause all kinds of problems. It could endanger American food and consumer safety, undermine labor rules, eliminate Buy American provisions, weaken environmental protections, and even restrict the freedom of the Internet.

We can't allow this agreement to be rammed through Congress with an up-or-down vote. No one doubts the value of fair trade, but it's not fair if it puts American workers at a disadvantage and American consumers at risk. This treaty needs to be fully vetted for its impact on our families and not rubber-stamped as a partnership between big corporations and big profits.

If the TPP is good for the U.S., the Obama administration and lawmakers shouldn't be concerned about it being debated out in the open on the House and Senate floors. Under the Constitution, Congress is granted the sole authority to debate and approve trade legislation. Lawmakers need to do their job and take a good look at this secretive trade deal rather than rush it through without full inspection. A quick up or down vote will not give the TPP the scrutiny it needs. U.S. workers and industries deserve better.



## ☑ UPS Teamsters Approve National Contract

### UPS FREIGHT TENTATIVE AGREEMENT REJECTED

A majority of UPS Teamsters voted to approve a new five-year national contract that contains significant wage increases and other improvements.

The vote on the contract, the largest collective bargaining agreement in North America, was 34,307 to 30,202. However, 17 local supplements and riders to the national agreement did not pass.

Separately, UPS Freight Teamsters rejected their proposed five-year national agreement with UPS Freight by a vote of 1,897 to 4,244.

Highlights of the new national UPS contract, which covers about 240,000 union-represented employees, include:

- Wage increases totaling \$3.90 per hour over the five-year term of the agreement;
- An increase in the starting part-time wage rate;
- The creation of 2,350 full-time jobs;
- Protections from harassment and intimidation by supervisors;
- Protections for employees who choose to work fewer hours in a day;
- Guaranteed vacation time for employees coming back from military leave; and
- No employee contributions for monthly premiums for health insurance.

But a provision in the contract that changes the health care plan for some UPS Teamsters led to the rejection of the supplements and riders to the national agreement.

The provision moves 140,000 UPS Teamsters from their current UPS health plan into a new plan that will be jointly administered by the Teamsters Union and employers. That change was made because UPS said it planned to cut health benefits that members currently receive in the company plan and raise the cost to employees significantly.



The Teamsters Union and UPS have agreed to extensions of the current UPS Freight national master agreement and the current UPS national master agreement and all supplements, riders and addenda. The extensions do not have specific end dates, but can be terminated by either side with a 30-day notice.

For UPS, all of the current agreements will remain in place until the supplements that did not receive a majority of votes have been re-voted and agreed to. For UPS Freight, the current contract remains in place until the agreement has been re-voted and accepted by members. Any increases in wages, pensions and health and welfare contributions that were agreed to in both contracts will not take effect until the re-voting occurs and there is approval by the members.

The Teamster negotiating committees responsible for the UPS supplements and riders that were not approved by a majority of voting members will be talking with the members in their areas. The Teamsters Union also is scheduling meetings to engage the company in further negotiations to achieve members' objectives.

As for UPS Freight, the National Negotiating Committee is scheduling negotiations with the company to address members' concerns.

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# Stay Connected with the Teamsters

## Teamsters' Online Networks Connect Union with Members

The Teamsters Union is connecting with members in new ways thanks to online media.

In recent years, the union has branched out from their main website at [www.teamster.org](http://www.teamster.org) to encompass several social networking sites. In the process, the union has connected with rank-and-file members in ways that were impossible just a few years ago.

“Whether we’re organizing new members or trying to help victims of a natural disaster or letting people know about a rally going on in their state, the Teamsters Union has taken advantage of online social networking in ways that are helping our members and potential members,” said Jim Hoffa, Teamsters General President.

Teamster.org and the union’s main blog, Teamster Nation (found at [teamsternation.blogspot.com](http://teamsternation.blogspot.com)), are still the main outlets for news and information about the union, but to really stay connected, check out the Teamsters on these sites:



<https://www.facebook.com/teamsters>



<https://twitter.com/Teamsters>



<http://www.youtube.com/user/TeamsterPower>



<http://www.flickr.com/groups/teamsters/>



<http://teamsternation.tumblr.com/>

## Saving Freight Jobs

### ABF Members Approve National Master Freight Agreement



**ABF** members have approved the ABF National Master Freight Agreement, which protects workers’ health, welfare and pension benefits and helps save 7,500 union freight jobs.

Members also approved 21 of the 27 supplements. At press time, the National Freight Division was working with local unions to re-vote the supplements before the national contract could take effect.

“This national contract addresses our members’ number one goal—to protect their health, welfare and pension benefits,” said Gordon Sweeton, Assistant National Freight Division Director and Co-Chairman of the ABF Negotiating Committee. “We accomplished this despite all the financial challenges the company is facing.”

The national contract also helps ABF remain competitive, which protects 7,500 Teamster freight jobs. ABF’s revenue declined by about \$250 million since 2009.

The national agreement does call for a 7-percent pay cut, but that will be entirely recouped by the fifth year of the contract.

“Nobody ever wants to see a pay cut, but in light of the company’s struggles and our desire to see the company survive, something needed to be done,” Sweeton said. “It is in our best interests, as well as ABF’s, that this company be given a chance to climb out of this deep recession so that our members’ futures are protected.”

The national agreement was unanimously endorsed by the ABF Negotiating Committee and by local union leaders that represent ABF members.

The agreement will run for five years, retroactive to March 31, 2013.



## PUBLIC DEFENDERS

Public employees in Eastern Washington have a strong ally in Local 690, representing more than 350 public employees in Eastern Washington and North Idaho. The Teamster local recently came to the defense of one of its members who works for the county as a public defender and won her reinstatement complete with back pay, benefits and sick leave.

“I was fired by the county, but thanks to the great representation from Local 690, I was reinstated in my job as a Spokane County Public Defender,” said Carol Huneke. “Seven years ago we needed representation and turned to Local 690. I was the first person to join and now, due to the diligence of the Teamsters, I was reinstated to my job and can continue doing the work I love.”

Huneke works as a public defender representing people who are accused of a crime and cannot afford an attorney. She enjoys the work, puts in long hours defending her clients and considers it a privilege to serve the community.

“The county denied our wrongful termination grievance so the local immediately filed for arbitration with the county and the local’s legal team went to work preparing this very complicated case for arbitration,” said Val Holstrom, Secretary-Treasurer of Local 690. “The process took 14 months and Carol’s arbitration lasted seven days but we were up to the challenge. We fought for Carol and won. The arbitrator ordered the county to reinstate her with no loss of seniority and make her whole for all lost wages and benefits.”



LOCAL 690 FIGHTS HARD TO WIN BACK PUBLIC EMPLOYEE’S JOB



CHILDREN OF OKLAHOMA TEAMSTER COMPETE ON “THE VOICE”

## Swon Song

Colton and Zach Swon, known as “The Swon Brothers,” finished in third place on NBC’s hit series “The Voice.”

“No matter how great you are, without friends it doesn’t work,” said Zach Swon, 28, in a recent interview. The Swon Brothers should know about teamwork. Their father, Kelly Swon, is the Secretary-Treasurer of Local 516 in Muskogee, Okla. Teamsters around the country rallied around the Swon Brothers in the competition, helping propel them to the season finale.

“The Voice” is a singing competition/reality show on NBC. It’s one of the most-watched shows on television, and to compete, you’ve got to be talented. The Swon Brothers, whose Dad also drove a UPS truck for 25 years, are certainly talented.

Kelly Swon said his sons play music full time and “they’ve done it basically all their lives. They both sing lead and play multiple instruments.” They can also play and sing any style of music, he said. The brothers got started at a young age singing in a gospel group called Exodus, their father said. The boys then went on to perform in a country music show with about 30 other people in it.

Zach recently attributed the brothers’ success to the fact that their parents made them sing together starting early in their lives. “Zach, the oldest, started playing drums professionally when he was 7 years old,” Kelly said. “After they did the music show for several years, the boys wanted to venture out on their own.”

Colton, 24, even made it to the finals of the 2008 season of “American Idol.” The brothers said that a support system of fans, family and friends gave them an edge in this competition. “Really, we don’t have any secrets or tips. But the main thing that we did before every battle is pray. We have relied on praying through this whole thing. And believe it or not, you know, it’s calmed our nerves. It’s got us through all the stress. And that is the God-honest truth,” Colton said in a recent interview.

# Advancing Truck Safety



**HOFFA HONORED BY COALITION  
FOR STICKING UP FOR SAFETY**

**T**eamsters General President Jim Hoffa was recently awarded the Truck Safety Coalition's Leadership Award, which acknowledges his work towards advancing truck safety policy and being a champion for truck drivers, truck crash victims and truck crash survivors.

The coalition, a partnership between Citizens for Reliable and Safe Highways (CRASH) and Parents Against Tired Truckers, honored Hoffa during a Capitol Hill breakfast in May. It was part of the coalition's biennial Sorrow to Strength conference, which brings together loved ones of truck crash victims and survivors from around the country to meet with lawmakers to discuss advancing truck safety.

A poll conducted by the coalition and unveiled during the conference showed overwhelming support for truck weight limitations. The survey stated 68 percent oppose heavier trucks. The poll also found that 88 percent of Americans don't think taxpayers should be responsible for paying for infrastructure damage caused by heavier trucks.

The coalition is calling for the passage of The Safe Highways and Infrastructure Preservation Act, which would freeze current federal truck size and weight limits, close existing loopholes that allow the operation of overweight trucks, and establish an enforcement program to ensure accountability.

## Teamsters Bring Pipeline Training to Osage Nation

**T**he Teamsters Safety and Health department, in collaboration with the Building Material and Construction Trade Division, recently taught a series of courses in Pawhuska, Okla., a community in the Osage Nation portion of the state. Classes were given on forklifts, load securement and hazmat transportation.

The Enbridge Pipeline's Flanagan South project is a 600-mile crude oil project which will traverse through Illinois, Missouri, Kansas and Oklahoma. Teamsters provide training related to jobs in their jurisdiction while other unions (Pipefitters, Operating Engineers and Laborers) take on training courses for their fields.

"These are taught by worker-trainers, in other words, trainers who also work on construction projects themselves. In order to become one of our trainers, you would need to have basic certification in the construction or freight business, but then we have them trained at the Occupational Safety and Health Administration (OSHA) Training Institutes for specific courses," said LaMont Byrd, Director of the Teamsters Safety and Health Department.

During the training in Oklahoma, 32 people participated and the sessions were broken down into three segments. With the hazmat training, students are made familiar with the transport of hazardous materials, the various placards indicating hazardous chemicals and hands-on exercises. Students also learn about the DOT's Compliance, Safety and Accountability (CSA) Program.

"Our training program is the most complete out of any union," said Marion Davis, the Director of the Building Material and Construction Trade Division. "Fortunately, our Safety and Health Department has worked hard to secure grants through the National Institute of Environmental Health Sciences, the Environmental Protection Agency, the Department of Transportation and the Department of Energy so that we can properly train our members, giving them a leg up on a good career in the construction industry."



## Scholarship Essay

**DEADLINE FOR ESSAYS:  
SEPT. 30, 2013**

Since it was founded in 1999, the James R. Hoffa Memorial Scholarship Fund has eased the financial burden of college for hundreds of students and their families. The Fund is now accepting applications and essays and will award \$1,000 scholarships to 100 students this year.

This year's essay topic is: What would you say to someone who says, "Unions were important at one time but we don't need them anymore?"

**To be eligible, applicants must:**

- Be the child or dependent grandchild of an eligible Teamster;
- Be enrolled full time in an undergraduate college, university or community college program, or a technical or vocational program; and
- Be 23 years old or younger by Sept. 30, 2013.

Applicants must forward the completed application and essay to the scholarship office by Sept. 30, 2013. For more information, visit [www.teamster.org/content/scholarships](http://www.teamster.org/content/scholarships).



**Complaint Results in \$600,000  
Settlement for Corrections Officers**

## Settlement for FDOC Teamsters

The U.S. Department of Labor is overseeing the award of a \$603,237 settlement to current and retired employees of the State Prison Facility in Raiford, Fla., after finding that more than 700 corrections officers were not being properly compensated.

The settlement was in response to a complaint filed by the Teamsters Union in the fall of 2011 over wage and hour rules being violated by the Florida Department of Corrections (FDOC), triggering an extensive investigation.

"When we began our statewide organizing campaign, we committed to the correctional officers that we would provide more effective workplace representation," said Ken Wood, a Teamsters International Vice President and Acting President of Local 2111. "While this case took more than a year and a half to resolve because of the impact on many corrections officers, I am pleased that our members will be made whole."

Both current and retired officers assigned to the State Prison Facility in Raiford will be receiving monetary payments or compensatory time off for overtime worked between December 2009 and December 2011. The Labor Department is working to ensure that FDOC complies with the terms of the settlement.

"The settlement is a great benefit for correctional officers and recognizes the fact that preparing for duty after entering the facility is an essential part of the job," said Michael Filler, Teamsters Public Services Director. "This problem should not continue as the department has updated its timekeeping system to ensure that officers will be paid for all compensable time worked."

A majority of the nearly 20,000 correctional, probation and parole officers with FDOC voted to join the Teamsters Union in 2011, seeking strength and power on the job.

"These officers go to work every day to keep our communities safe and they deserve the best representation," said Wood.

# Victory for Teamster EMTs and Paramedics



## Higher Wages, Benefits Achieved for 400 First Responders

They are the emergency medical technicians (EMTs) and paramedics that bring life-saving medical care to those in need in Buffalo. Whether it's a fire, an auto accident or other tragedy, the members of Local 375 who work at Rural/Metro medical services have a duty to perform.

After private-equity firm Warburg Pincus bought Rural/Metro a few years ago, things began to change for the workers.

"We hit a brick wall when it was time to discuss improved wages and benefits with management," said Kevin Drysdale, President of Local 375. "We had already battled through weeks of negotiating and suddenly the company's owner, Warburg Pincus, changed directions."

The local immediately went to work to gather public support for their fight, leafleting at the local "Taste of Buffalo" event and nearby baseball games.

"Unable to move the company far enough with this tactic, we gave the employer the required 10-day notice for a strike," Drysdale said. "Ninety-nine percent of our unit voted to strike if we didn't have an acceptable wage and benefit package negotiated in 10 days."

Finally, the local union, the employer and federal mediator held an all-night negotiating session, 21-hours in all, and reached a tentative agreement. But this was not before the members were out on the

street, walking picket lines and informing the area TV and radio stations that they were on strike. The action was short-lived. After seven hours of striking, the tentative agreement was reached.

"We had power because we all were committed to standing tall. The strike was impressive," said Dennis Wellspeak, a paramedic since 1995.

### Across-the-Board Support

Support for the contract negotiations and strategy came from the Teamsters Union in the form of rally signs, fliers, corporate campaign strategy and press relations. Within the state, the Nurses Association of New York, Erie County Executive Mark Poloncarz and state Sen. Timothy Kennedy contacted Rural/Metro to assure the company that they were standing behind the Teamster EMTs and paramedics.

"I urge you [Rural/Metro] to consider a fair offer which reflects the important work these brave and dedicated first-responders provide our community every day," Kennedy wrote.

Because the company had offered, unbelievably, to pay a higher wage rate to temporary workers, Poloncarz stated on TV news, "What if they bring someone in to do the work from Kentucky or Ohio? How would they know the city streets? This is not in the best interest of the community."

"Warburg Pincus, the parent-company, was trying to create a Walmart-style business," Drysdale said. "But you can't pay bargain-basement prices for health care."

Ultimately, the community pressure, together with the strength of the bargaining unit on the picket line, finally brought the employer to the table with an acceptable wage and benefit offer.

"In the 10 days leading up to the strike, it was clear that the leadership of Local 375 and its members were effectively implementing the contract campaign we devised," said Michael Filler, Director of the Teamsters Public Services Division. "This was a very visible demonstration of Teamster power!"

The 12-hour shifts and the intense pressure of the work attracts people who are dedicated to helping people. "When we reached the agreement with the company, I encouraged everyone to offer their services to the community right away because their professionalism was needed," Drysdale said. Because of this, Buffalo and the surrounding area had complete coverage for emergency medical services just hours after the strike ended.

"The citizens of Buffalo are my neighbors and my friends and I am pleased that we won a fair agreement," Wellspeak said. "The unity we have resulted in having power at the bargaining table."

# NIGHTMARE ON MAIN STREET

## Teamsters Take On Corporate Attacks, Anti-Worker Legislation



“Corporations have money on their side, but we have the boots on the ground,” said Jim Hoffa, Teamsters General President. “Those boots don’t mean a thing if they aren’t marching.”

### Labor Trends

In 2010, the Bureau of Labor Statistics predicted that seven of the top 10 jobs predicted to grow in the next decade are low-wage occupations. More than half of those jobs, including workers in the fast food industry, meet the U.S. Census poverty threshold for a family of five.

The three other categories that pay a living wage are heavily unionized, including “Heavy and Tractor-Trailer Truck Drivers” which are on

track to add 21 percent more jobs by 2020.

Unlike unionized truck drivers, the current median wage of a full-time fast food worker is \$17,950, low enough to qualify a full-time worker for government assistance.

A worker with this level of income cannot reasonably afford a two bedroom apartment in any state, according to National Low Income Housing Coalition statistics.

A study in April showed that 84 percent of fast food workers in New York City had experienced at least one form of wage theft—and almost half reported at least three different types of wage theft within the past year.

Fast food workers and those in other poverty-wage

service jobs across America are currently protesting low wages and terrible working conditions, with the eventual goal of union representation.

“Before unions came along, factory jobs were the worst jobs to have,” Hoffa said. “Unions made those jobs better, safer, got workers higher wages and better benefits. But now most of our factory jobs have gone overseas because of bad trade deals. TPP, a trade deal currently being written, will make those matters worse.”

Corporations and anti-union forces are cannibalizing this country’s job base and the fight is happening on a number of fronts, from bad trade deals to right to work, and from misclassifying workers to stealing their wages.

There are very few politicians willing to go to bat for working families and the rights of workers because they fear upsetting the businesses and industries which fund their campaigns and have a stranglehold on government. That is why so much bad legislation is steamrolling its way through state legislatures and the federal government.

There are too many examples of bad legislative ideas to list here, but here’s a sampling: Rep. Eric Cantor, the Republican House Majority Leader, wants to allow employers to skimp on overtime pay; the Koch brothers want to do away with the minimum wage; Republican politicians want to enact nationwide right-to-work laws, gut Social Security and privatize public industries.

There is only one group actively fighting for the rights of working families: labor unions. The Teamsters Union has been using every weapon in its arsenal to push back against these well-funded attacks on workers’ rights, wages and benefits.

*“The Teamsters Union stands with our nonunion brothers and sisters who want to make their jobs better and lift the tide for all service workers. By standing up for their rights and unionizing, they are taking a stand for all working families.”*

*—Jim Hoffa*



## BE PART OF THE SOLUTION | CONTRIBUTE TO DRIVE

DRIVE is the Teamsters' political action committee. Your contribution will support grassroots action by Teamster families to stand up to big business interests. And your membership to DRIVE will help elect political candidates who care about working people.

For more information, visit [www.teamster.org/content/drive](http://www.teamster.org/content/drive).

“The Teamsters Union stands with our nonunion brothers and sisters who want to make their jobs better and lift the tide for all service workers,” he said. “By standing up for their rights and unionizing, they are taking a stand for all working families.”

### Historic Inequality

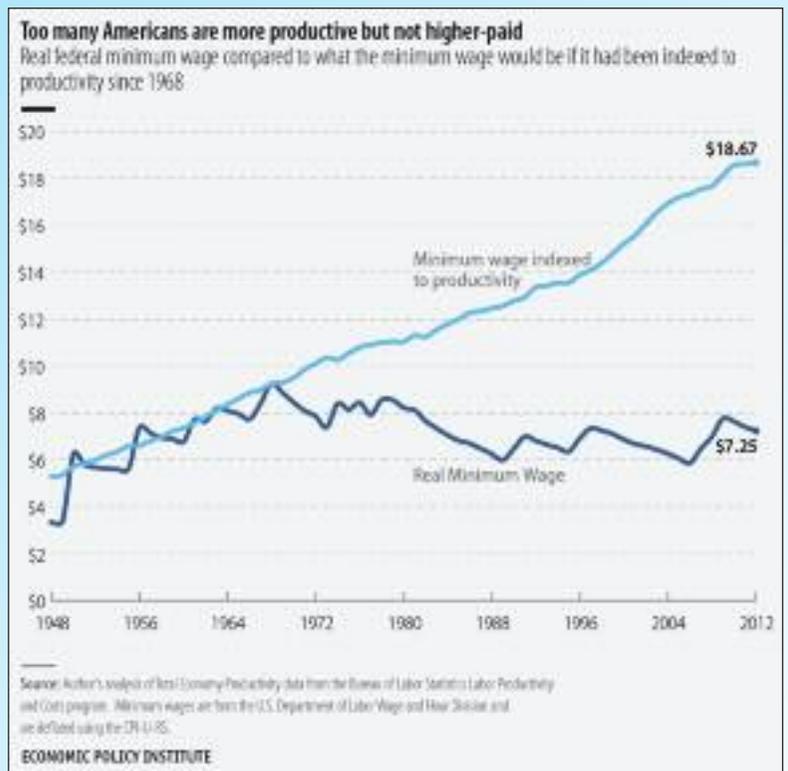
America is losing too many good jobs and gaining too many low-wage jobs. This is a direct result of anti-worker legislation and terrible trade deals that do not benefit working families.

Right to work, bad trade deals, employee misclassification and other issues are symptoms of corporate greed. They bring wages down for everyone and the problem is getting worse. Right-wing legislatures in states across the country have passed disastrous legislation that is depressing wages, sending jobs overseas and worsening conditions for all workers.

These lost jobs are good, middle-class jobs. Shipping them overseas and skimping on wages only benefits those who are already wealthy. Things like cross-border trucking, right to work and bad trade deals harm working families and contributes to the inequality that is already at historic levels.

A Department of Labor estimate states that up to 30 percent of businesses misclassify employees to avoid paying overtime, minimum wage and payroll taxes. Since 1968, the federal minimum wage has lost 30 percent of its real value and household income has become increasingly unequal.

“In 1909, tens of thousands of young, low-wage and immigrant workers in New York’s garment district mobilized to protest terrible working conditions and worse wages. Despite language barriers, anti-union thugs and hostile bosses, they marched in picket lines through the middle of winter because they were determined to have a better life,” Hoffa said. “Workers across the country are still fighting 104 years later. Many already understand the notion that corporate profits cannot and should not come at the expense of middle-class security, but the Teamsters and our members will continue to spread that message.”





MAX.G.W. 28,400 KGS  
67,200 LBS  
TARE 4,800 KGS  
8,820 LBS  
MAX.C.W. 23,600 KGS  
52,000 LBS  
CU CAP. 76.4 CU.M  
2,700 CU.FT

# PROPOSED PACIFIC RIM TRADE PACT RAISES WORRIES ABOUT WORKERS CONSUMER SAFETY



**A** proposed trade agreement receiving little notice from the public could have a dramatic effect on the nation's workers unless Congress steps in to ensure that its many provisions protect U.S. employees by putting in place fair trade rules.

The U.S. and 11 other nations on four continents are currently in the midst of negotiating the Trans-Pacific Partnership (TPP). The wide-ranging pact could set new rules on everything from workers' rights to manufacturing and food safety, all while pushing middle-class Americans out of work. A vote on the deal could come by the end of this year.

As it stands, however, Capitol Hill doesn't know what it will be voting on. The involved nations have held secret talks across the globe over the past three years where only the involved representatives have access to the full set of draft proposals.

The non-transparent nature of the negotiations has spurred some lawmakers to take action. Thirty-six freshmen House Democrats, for instance, recently signed on to a letter calling on increased transparency from the Obama administration with regards to the TPP. They said the nation has to make sure it doesn't repeat past mistakes that allowed U.S. jobs to be shipped overseas so corporations could pocket bigger profits.

"Too often, our country's trade agreements have

been a bad deal for American industries and for the American worker," a leader behind the crafting of the letter, Rep. Mark Pocan (D-Wis.), said. "As a small business owner, I've seen the number of Made in America products available to me dwindle sharply in the past decade because of the unintended consequences of so-called 'free' trade agreements. Congress cannot repeat the mistakes of the past by standing by and blindly agreeing to new trade agreements without proper regulation."

The letter noted that the outsourcing of jobs was a major concern during the 2012 election and that polls shows Americans don't want to see jobs done by U.S. workers sent overseas because of unfair trade agreements. "When jobs and production factories are offshored, American wages are lost, American-made products decline, and our international interests are compromised," the letter said.

Those lawmakers were not alone in raising objections. Sen. Elizabeth Warren (D-Mass.) said the Obama administration should make at least an edited version of the composite, bracketed text of the TPP available considering the former Bush administration did so as part of the Free Trade Area of the Americas negotiation.

"I have heard the argument that transparency would undermine the trade representative's policy to complete the trade agreement because public opposition would be

significant,” she said in comments made on the Senate floor in June. “In other words, if people knew what was going on, they would stop it. This argument is exactly backwards. If transparency would lead to widespread public opposition to a trade agreement, then that trade agreement should not be the policy of the United States.”

And Sen. Ben Cardin (D-Md.) took issue with the labor and human rights record of Vietnam, one of the nations participating in the TPP talks, and said such issues need to be addressed. “We have the opportunity to make those advancements as we have their

dairy industry—which employs about 800 Teamsters at 10 different locations around the state—could be hit especially hard if the TPP moves forward. It is expected that New Zealand’s state-owned dairy sector would take a significant bite out of local butter and cheese producers. Although it is thousands of miles away, New Zealand could ship dry dairy products such as whey, which is used to make both products.

During the hearing, McPherson said some Republican lawmakers tried to argue the U.S. can’t remain competitive with

trade agreements in the last two decades and can’t afford to make another mistake. Hard-working citizens are already in a difficult position given the economic downturn several years ago that hollowed out the middle class.

Such job losses would not only hurt those who lose employment, it would also devastate local tax bases. That means public schools, government services and infrastructure would be cut, while unemployment would soar in the construction sector.

In an effort to prevent this, the Teamsters back the current U.S. negotiating



attention at the bargaining table,” the lawmaker said during a recent Senate Foreign Relations Committee hearing.

## Teamsters Take on TPP

The Teamsters have also been outspoken in their concerns with the TPP. Those affiliated with the union, for instance, have spoken to state lawmakers and at anti-trade pact rallies about how the deal could hurt working- and middle-class families.

Mark McPherson, an organizer with Joint Council 37 in Portland, Ore., warned members of the Oregon House Committee on Agriculture and National Resources in May about the potential deal. But for many of the legislators, it was their first time hearing about the TPP. That’s a problem, he said.

“On the national level, they want to create the image there is some transparency. But really there is none,” McPherson said. “Here we have people who could be impacted but don’t even know about it. Clearly, it has been done in secret.”

He noted, for example, that Oregon’s

other nations due to workplace regulation. But he piped up to say that America should not be fighting this battle on other countries’ turf. “We want to bring more countries up to our level, not go down to their level,” he said.

Others have taken to social media to speak out against the TPP. Michael Gilliam, a locomotive engineer with BLET Division 601 in Newark, N.J., said there is too much at risk to remain quiet on the issue.

“Even in this so-called global economy America should put Americans’ welfare ahead of profits and rein in the corporate chiefs who are trying to sell us down the river for higher year-over-year returns,” he said. “Made in America needs to be what our government works to achieve.”

## What’s at Stake

So what is really so bad about the TPP?

First, there are legitimate concerns about what it will do to the U.S. workforce. America shed more than 5 million manufacturing jobs in the wake of previous

position when it comes to labor rights provisions in the agreement. That means standing up for core labor rights that are enforceable by trade sanctions and preventing unsafe sweatshop operations like the one in Bangladesh that led to the death of more than 1,100 garment workers in April.

The union also believes there should be more transparency in the process. It has asked the Office of the U.S. Trade Representative to publish all negotiating texts, consult with relevant congressional committees and stakeholders, and provide a thorough public assessment on how the TPP would affect the U.S. dairy industry.

In addition, the Teamsters want to make sure that those on Capitol Hill provide trade negotiators with objectives that ensure that the nation’s goals are met when it comes to food safety, food sovereignty, conservation, elimination of currency manipulation and worker rights. And that any proposed TPP deal gets a full vetting before Congress.

As for the dairy sector, the Teamsters, who represent 30,000 such U.S. workers

and nearly 10,000 in Canada, oppose further dairy market access contained in the TPP. The union has been joined by family farm groups in the U.S., Canada and Japan in calling for such a move.

Let's be clear, no one is against trade, only unfair trade. The Teamsters are part of a growing coalition of labor, elected officials and public interest groups who are tired of letting big corporations ship our jobs overseas and dump wages and benefits overboard along the way. We've seen enough lost jobs, shuttered plants and hollowed-out

communities in this country.

Americans oppose unfair trade. They see what the North American Free Trade Agreement and other such deals have done and want to avoid putting U.S. workers at a disadvantage and consumers here at risk. Open markets shouldn't mean trading good American jobs and benefits for lost jobs, lower wages and foods that make our families sick.

The Teamsters want to make sure that when the U.S. negotiates a trade agreement, every provision benefits working families, not just big corporations. Mem-

bers can play a role in that by contacting their congressional representatives and letting them know that details about the TPP should be made available and debated publicly.

Congress, under the U.S. Constitution, has an official role to play when it comes to overseeing trade agreements. The union strongly believes it shouldn't punt that away, even if the Obama administration thinks otherwise. The TPP needs to come out of the shadows and into the public square where working Americans can have a say.



## MEET TAFTA

## THE NEXT PROPOSED TRADE DEAL

Maybe you've heard of the Trans-Pacific Partnership (TPP) and the harm it could bring both to U.S. workers and consumers. But do you know about the Trans-Atlantic Free Trade Agreement (TAFTA)?

Just in its infancy, TAFTA threatens to build on the North American Free Trade Agreement (NAFTA) and other such deals that have caused a reduction in food safety standards and environmental rules here and abroad. And already, U.S. and European corporations are stepping up their lobbying efforts to erase critical safeguards.

Its scope is far reaching. The Institute for Agriculture and Trade Policy (IATP) recently made available draft European Union documents it received that outlined the EU's initial regulatory goals. They touched upon such things as the automotive sector, chemicals, pharmaceuticals, sanitary issues and competition policy. But it also proposed a chapter on trade and sustainable develop-



ment, as well raw materials trade. And it has big plans for cross-cutting disciplines on regulatory issues.

According to IATP, the EU wrote that TAFTA "offers a unique chance to give new momentum to the development and implementation of international regulations and standards (multilateral or otherwise plurilateral). This should reduce the risk of countries resorting to unilateral and purely national solutions, leading to regulatory segmentation that could have an adverse effect on international trade and development."

While having some uniform rules might make sense, those rules must ensure workplace safety and protect the environment, public health and the food system. That hasn't been the case with previous trade pacts. Put TAFTA and the TPP together, and they will regulate the vast majority of global trade. That's reason enough to be wary.

# Q&A

Interview with  
General President James P. Hoffa



Teamster magazine recently spoke to Jim Hoffa, Teamsters General President, about the Trans-Pacific Partnership (TPP) and cross-border trucking.

- Q: Why should the average American be concerned about the TPP?**
- A:** Because trade talks are being conducted secretly with only the involved negotiators from the U.S. and 11 other Pacific Rim countries having a full understanding of what is being discussed. I don't have access to the bracketed text which gives a clearer idea of all the positions staked out by involved nations. And members of Congress, who will ultimately vote on the agreement, can't access the full language either.
- Q: What are the possible repercussions that could accompany passage of the TPP?**
- A:** We really don't know for sure, and that is part of the problem. However, many have raised concerns about how the deal could impact American jobs, labor provisions, food safety, the environment, you name it. The TPP's reach goes beyond trade and into rules that would govern nations.
- Q: Some have framed this trade agreement as a race to the bottom. Why is that?**
- A:** It has to do with some of the countries involved in these negotiations. Take Vietnam, for instance. You can't trade with a country run by a communist government. When the Department of Homeland Security wants to buy something, they're going to be buying it from Vietnam because of the cheap wages they pay. Does anyone really think this is a good idea?
- Q: The Obama administration and other supporters of the TPP say the trade deal will help grow the U.S. economy. What are they missing?**
- A:** This administration and other administrations have been of the mind that increased trade with few safeguards put in place will benefit America. But we have huge trade deficits with Mexico and Canada due to NAFTA, and we are going to have the same with all these other countries. While it may be a boon to the bottom lines of big business, it won't help middle-class families.



To keep up with the Teamsters' coverage of the cross-border trucking issue, visit [www.teamster.org](http://www.teamster.org).

**Q: The Teamsters represent some 30,000 U.S. dairy workers. How would the TPP affect that industry?**

**A:** There are a million people in the dairy industry that would be threatened by the agreement. Frontera, a New Zealand dairy company subsidized by the government, could inundate this country and cause significant job losses.

**Q: Earlier this year Japan decided to join the TPP negotiations. What concerns does their participation raise?**

**A:** The Teamsters were already skeptical about this secret trade deal before Japan signaled its intention to join them. Now we are extremely skeptical given the history of our trade imbalance with Japan, especially in the auto industry, where we have lost so many good jobs.

**Q: What do the Teamsters want to tell the public when it comes to the TPP?**

**A:** This union is not against trade, just unfair trade. We've seen enough lost jobs, closed-down plants and crippled communities left behind. It's time to rebuild the middle class, not tear it down, and that means approving trade deals that benefit working Americans. We need to tell our government to stop big corporations from shipping our jobs overseas.

**Q: Speaking of shipping off good jobs, are Mexican trucks allowed to travel on U.S. highways beyond the border zones?**

**A:** Some are. The Federal Motor Carrier Safety Administration is running a pilot program that lets qualifying Mexican trucks travel beyond that zone. Also, the government decided to grandfather five Mexican carriers that had gotten operating authority under NAFTA before a 1982 moratorium went into effect.

**Q: How many trucks are in the pilot program?**

**A:** Very few. According to the last report, only 12 carriers are in the program, with only 44 trucks and 44 drivers.

**Q: When does the pilot program end?**

**A:** It is set to expire in October 2014. However, there are so

few participants in the program that it's likely the Federal Motor Carrier Safety Administration (FMCSA) will have to seek approval from Congress to extend it.

**Q: Why will it have to be extended?**

**A:** Because the law requires a pilot program to have a statistically valid sample of participants. The purpose of this pilot program is to evaluate whether opening the border to Mexican trucks will have an impact on U.S. highway safety. You can't tell that one way or the other if there aren't enough participants to make a decision based on actual data.

**Q: Are there any other problems with the pilot program, aside from lack of enthusiasm for it?**

**A:** First, the pilot program doesn't require the Mexican drivers or Mexican trucks to meet the same safety standards that U.S. drivers and trucks have to meet. Second, we are concerned about the level of drug violence in Mexico. Trade is supposed to be a two-way street, but no U.S. driver wants to drive into Mexico while the drug war is going on. Third, Mexican trucks tend to be older and more polluting than U.S. trucks, but the federal government gave the go-ahead for the program before this environmental impact could be assessed. Fourth, FMCSA has let carriers with abysmal safety records into the program.

**Q: What are the Teamsters doing about it?**

**A:** We filed a lawsuit asking the federal court to stop the program. The courts sided with the government, but nothing in the decision said Mexican trucks are safe. So we appealed the decision based on the court's inconsistent interpretation of travel in interstate commerce and the U.S. Department of Transportation's failure to follow the rules for environmental review.

**Q: What is the status of that lawsuit?**

**A:** The federal government just filed a reply to our request for a review. We don't think we'll get a response from the court for several months.

# RIGHT TO WORK

# STILL **WRONG** FOR WORKERS



## *Teamsters Continue Fighting Anti-Worker Legislation*

An anti-worker law by any other name is still an anti-worker law.

While the decades-long decline in real wages for American workers continues to track with falling unionization rates, corporate interests remain determined to wage state-level assaults on the middle class. So-called “right-to-work” laws are still the weapon of choice for anti-worker lawmakers and their big business allies.

Better understood as “No rights at work” or “right to work for less,” the misnamed right-to-work laws strip workers of their rights by crippling the unions that protect and enforce them. These laws prohibit labor agreements that require all workers to share in the cost of collective bargaining, thereby undermining collective bargaining itself.

Right to work weakens representation by allowing some workers to enjoy the advantages of union membership without contributing to the benefits. It eliminates job security, lowers pay and forces full-time workers into part-time jobs. In short, it’s a tool to roll back rights and put more money into the swollen pockets of the rich.

Corporate America has been pushing right-to-work laws with a vengeance in recent years, determined to see how low they can drive down American labor costs. Tea party governors have been more than happy to facilitate this effort. Wall Street and the billionaire Koch brothers have been financing the war on workers through the American Legislative Exchange Council (ALEC), a group that has spearheaded the passage of right to work and other anti-worker laws in state legislatures.

In a time when workers are being pushed out of the middle class and corporate profits are soaring, right to work has compounded the rise in income inequality. That’s precisely the goal of groups like ALEC. While tens of thousands of union members and supporters turned out in the streets to oppose right to work last year, state legislators rammed through right to work in two more states. Michigan has become the 26th right-to-work state, striking a major blow against workers in the birthplace of the modern labor movement.

Ohio is the next battleground for workers’ rights. There is now a bill, HB 151, and a ballot proposal threatening to add Ohio to the list of right-to-work states. Working families came together to successfully defeat other anti-union legislation in Ohio two years ago. A similar struggle will be necessary to stop it again.

Teamsters and all workers need to get involved and stay informed. Visit the Teamster Nation blog at [www.teamsternation.blogspot.com](http://www.teamsternation.blogspot.com) and [www.teamster.org](http://www.teamster.org) or news on right-to-work battles and how you can get involved.

“The more the other side wins, the harder they will push to win more. But the harder we push back, the stronger we become as Teamsters and as a labor movement,” said Jim Hoffa, Teamsters General President.



Legislative Wins in Missouri, California

## STATE-LEVEL VICTORIES

**B**ad trade deals, unsafe Mexican trucks, right to work and a host of other issues may be threatening the existence of the American middle class, but there are bright spots on the legislative front.

In early 2013, legislation was passed in Missouri that would forbid employers from honoring public employees' requests to deduct their union dues from their paychecks—something called “paycheck deception.” This bill was pushed by the American Legislative Exchange Council (ALEC), an anti-worker group that has been pushing right to work and other legislation harmful to the American middle class.

Missouri Gov. Jay Nixon vetoed the bill, though, after Teamsters worked to educate their friends, family, neighbors and their representatives about what the bill actually does. Members sent thousands of letters and emails to their state representatives urging them to not vote for a blatant attempt to weaken unions.

“This was just another billionaire-backed attack on working families, only this one failed,” said Jim Hoffa, Teamsters General President.

Gov. Nixon gets why the bill was bad. In his veto message, he said, “The bill targets a single group of employees and imposes on them an unnecessary and cumbersome process... There are a number of items that employees may elect to have withheld from their paychecks, including money for college savings accounts, deferred compensation, and 401(k) plans... Singling out union dues for these extra processes serves no beneficial purpose. Rather, the bill places unnecessary burdens on public employees for the purpose of weakening labor organizations.”

Paycheck deception bills have been popping up in state legisla-

tures all over the country. They're part of ALEC's continuing effort to muscle the working class out of politics and government. The Teamsters will continue fighting these efforts wherever they pop up.

### California Victory

In another Teamster victory at the state level, California Gov. Jerry Brown recently signed a bill that scraps the state's \$750-million-a-year bad-business boondoggle known as the enterprise zone program. The program killed scores of good-paying union jobs to create minimum-wage jobs elsewhere in the state. California Teamsters have long opposed enterprise zones.

By signing this bill that Teamsters supported, Californians can now be sure that corporations won't move their plant and eliminate their jobs just to pad their bottom lines.

In place of enterprise zones, the law establishes the Governor's Economic Development Initiative. A statewide sales tax exemption will apply to manufacturing equipment or research and development equipment purchases for biotech and manufacturing companies.

“This is a great moment for the state's workers and for California Teamsters,” said Doug Bloch, Political Director for San Francisco's Joint Council 7, who witnessed the signing.

Under the new program, money that was originally directed toward companies like Walmart and FedEx to create minimum-wage jobs will now go to manufacturers who create new jobs that pay at least \$12 an hour. Hiring credits could go to Teamster employers in food processing, dairy, breweries, beverage and more. And employers who want to transfer jobs now need to offer people the right to move with their job at their current rate of pay.

For more information, visit [www.teamster.org](http://www.teamster.org).



# PEOPLE'S TOUR OF AMERICA

*Rick Smith Takes Labor Radio Show to 21 Cities*

**T**eamster member Rick Smith, host of the radio program *The Rick Smith Show*, just returned from a trip to more than 20 cities and towns across the country. Along the way, he stopped in at some Teamster local unions and Joint Councils to hear about the history of organized labor, the struggles and triumphs of past fights and the current challenges facing working men and women.

"It was a fantastic trip and a moving experience for me," Smith said. "Before embarking on the trip I thought I knew about America's labor history, but now I've heard the most incredible stories from people who have actually lived it."

"At each new city we were fortunate to be introduced to some amazing labor union leaders, retirees and activists. The trip gave us all a new perspective on working life in America—where it has come from, how present-day challenges are affecting our jobs and how we are adapting to the changes," Smith said.

## Living Labor History

During the show that was recorded at Joint Council 42 in Los Angeles, Smith was able to interview Don Thornsburg, a labor historian and native of Los Angeles. During his interview, Thornsburg emphasized how hard the Teamsters work and that

he believes, "To be a good trade unionist is to be a good citizen and to be a good citizen is to be a good trade unionist."

Smith interviewed a relatively new Teamster member, Richard Jones, a library assistant at UCLA and member of Local 2010. He and his 14,000 clerical and administrative co-workers at the University of California joined the union in 2010. Since then the union has been busy training stewards and working toward better communication with the members.

"My family has been involved in the union movement for more than 100 years," Jones said. "I am glad to be part of the Teamsters. This carries on a tradition in my family: My grandfather was a member of the Brotherhood of Sleeping Car Porters, and his son, my father, was a member of the Letter Carriers."

"It's been a trend recently in our country for public employees such as myself to become the backbone of some of the large unions," Jones said. "I voted for Teamster representation because of their political power and the backing of the 1.4 million members in the U.S. and Canada."

## Teamsters Reaching Out

While in St. Louis, Smith interviewed Roy Gillespie of Joint Council 13. Gillespie is the Joint Council's representative on the Human Rights Commission and he has personally responded



to numerous families in need after the devastation of a natural disaster. This has earned him the moniker, “The Master of Disaster,” as one news source called him.

The tornadoes in Missouri and Oklahoma and hurricane in New Jersey and New York are spots where Gillespie called upon Teamster locals to help out. “We were never refused. Any help that a local union and its members could provide was always gladly given,” Gillespie said. “We worked with the Red Cross and FEMA coordinating the type of union assistance that is needed after a disaster strikes. Whether it’s building stairs or transporting food or furniture, we have met the need.

“The Teamsters Human Rights Commission is a network of people who are community-minded,” Gillespie said. “It’s what being part of a union is all about.”

### Impact of Legislation

During the trip, Smith’s interviews included perspectives on pending or passed legislation and its effect on working families.

Melanie Orman, political coordinator for Little Rock’s Local 878, talked about how since right to work already passed in the state, they have an uphill battle. “Right to work hinders our ability to organize.”

In California, the concern about unsafe Mexican trucks crossing the border has sparked demonstrations by local Teamsters. “Our union recognizes that driving a truck is a

professional skill,” said Ed Rendon, Director of Public Affairs and Education for Joint Council 42 in Covina, Calif. “We are concerned not only with the wages and benefits of our members, but also their safety on the road.”

Part of the tour took Smith’s show to states which have been hit particularly hard by legislative setbacks. Among those is Michigan where the recent passage of right-to-work laws was a big blow for the workers. The passage of the law in Michigan had long been a goal of CEOs and billionaires who want more of workers’ income for themselves. As Smith discussed with Greg Nowak, President of Detroit’s Joint Council 43, these laws weaken workers’ rights, lower wages and make workplaces more dangerous.

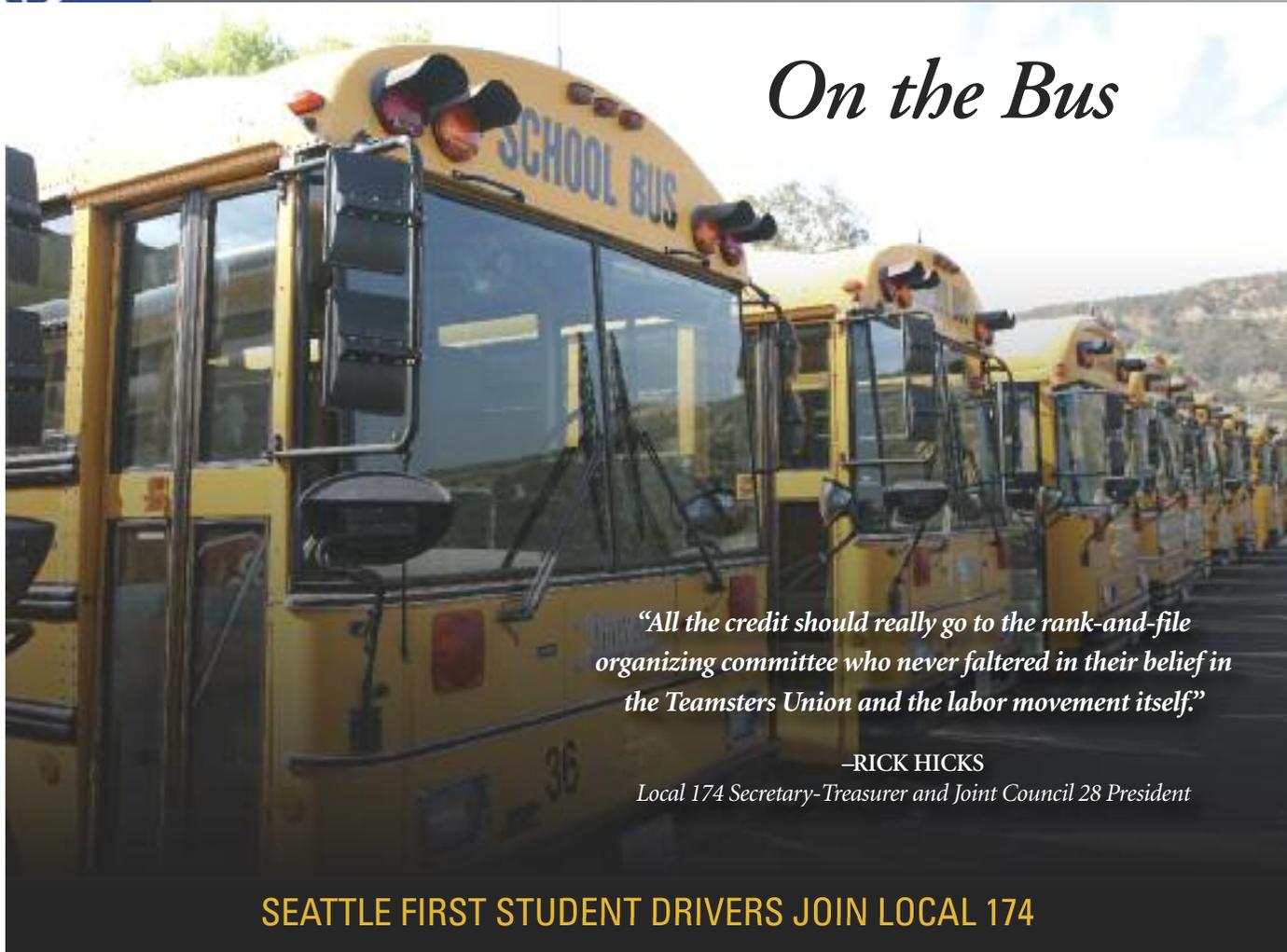
“We will rebound,” Nowak said. “Michigan and Detroit are resilient. Our main challenge will be to educate voters about how wrong right-to-work laws are. Lower wages, erosion of the middle class—that is what right to work is about.”

Back home in Pennsylvania, Smith summed up the trip: “I think it’s important today to realize how past generations fought for the working conditions we have today. These are the battles my grandparents fought. The People’s Tour for America enabled our program to hear from a wide range of union members and activists. That’s what truly made the trip worthwhile.”

Rick’s daily labor radio show is available on [www.Stitcher.com](http://www.Stitcher.com) and via his website, [www.ricksmithshow.com](http://www.ricksmithshow.com).



## On the Bus



*“All the credit should really go to the rank-and-file organizing committee who never faltered in their belief in the Teamsters Union and the labor movement itself.”*

—RICK HICKS

*Local 174 Secretary-Treasurer and Joint Council 28 President*

### SEATTLE FIRST STUDENT DRIVERS JOIN LOCAL 174

**A**s a school bus driver for children with special needs, Victor Molinas-Booth takes his job seriously. He also took organizing with the Teamsters seriously, uniting together with more than 370 of his fellow drivers at First Student in Seattle. The drivers, who work at four First Student yards, join the 17 school bus mechanics who are already members of Local 174 in Tukwila, Wash.

“We just want to be treated with respect, to earn a living wage and come to work every day knowing our families are protected,” Molinas-Booth said. “The Teamsters have strength in numbers, are powerful and reputable and that’s why we went with the Teamsters.”

Linda Hawkins said she enjoys working with “little people,” the children she transports, but sees room for improvement in working conditions at the company. She chose the Teamsters because she had direct experience with the union and what it has accomplished for workers.

“My husband works at UPS and is a member of Local 174 and the local has been amazing,” Hawkins said. “I’ve never been in a union, but for me, being in this union was the way to go.”

Richard Drummond, an 11-year driver, said he wants to see an end to favoritism, while Frank Metully wants to raise the standards to those experienced by other union drivers in the area.

“The drivers looked at all the workers who are represented by

Local 174 in the area, saw the benefits that they have, and wanted the same benefits and representation,” said Abe Taylor, an organizer with Local 174.

“Our local has been engaged in a five-year campaign to bring economic and social justice to the group of nearly 400 bus drivers at First Student,” said Rick Hicks, Local 174 Secretary-Treasurer and Joint Council 28 President. “All the credit should really go to the rank-and-file organizing committee who never faltered in their belief in the Teamsters Union and the labor movement itself.”

“We worked hard and we knew this day would come,” said Charlie Martineau, a three-year driver. “We just want to have a chance to bargain our working conditions, safety, benefits and more.”

The drivers are currently working on contract proposals. The Teamsters Union and First Student negotiated a national master agreement in 2011 securing a number of protections, with economics and other benefits to be negotiated on the local level.

Teamster locals recognize the importance of remaining vigilant in negotiations and enforcement of contracts with First Student, the U.S. subsidiary of First Group, a large multinational corporation that has come under fire recently for awarding hefty bonuses to its top U.S. executives.

To learn more, visit the Teamsters school bus site, [www.drive-upstandards.org](http://www.drive-upstandards.org).

## LOCAL 337

### Stafford Transportation

More than 50 workers who drive trash in tractor-trailer rigs for Stafford Transportation in Port Huron, Mich. voted overwhelmingly to join Local 337 in Detroit recently.

The Stafford drivers won even though the company fired the main worker-organizer, Mike Williams. He had refused to give the company the authorization cards signed by workers as management demanded. Local 337 has filed charges with the NLRB over the firing. The charges are pending.

The local thanked Local 419 and its members in Canada who came into contact with the Stafford workers. They talked about the benefits of being Teamsters. Local 299 President Kevin Moore, who serves on the Joint Council 43 Executive Board, also helped make the campaign a success.

## LOCAL 991

### Durham School Bus

School bus drivers and monitors with Durham School Services in Jay, Pace, Navarre and Milton, Fla., have voted overwhelmingly to join Local 991 in Mobile, Ala. The 204 workers are seeking improved safety and working conditions at the nation's second-largest provider of student transportation, operating in Santa Rosa County, Fla.

"We rose to the occasion and I'm proud of all of us for sticking up for our rights and uniting to make this company a better operator," said Russell Troupe, a driver at the Pace yard.

The workers overcame an aggressive anti-union campaign by Durham management as

they worked to form their union. The drivers and monitors cited the Teamsters' experience and expertise representing school bus workers throughout North America as reasons they chose to join the union.

"We're ecstatic to become Teamsters," said Kim McLaughlin, a 25-year bus driver at the Navarre yard. "It's important for us to have equality and to be treated fairly."

"We welcome these workers to the Teamsters. Our thanks go to the International Union and Joint Council for their hard work and for fighting on behalf of the employees at Durham," said Jim Gookins, Secretary-Treasurer of Local 991.

## LOCAL 469

### Toll Group

Truck drivers employed by Australia-based Toll Group at the company's New Jersey division voted by a margin of nearly 70 percent to join Local 469. The new bargaining unit unites 112 truck drivers, including local drivers that service the Ports of New York and New Jersey, hostlers who move trailers within the Toll yard and long-haul drivers.

"As a port truck driver, I feel that our fight for dignity and respect on the job has finally been won," said Fred Schmidt, Toll driver after the vote count. "As a Teamster, we will now be able to fight for what we have earned without fear of retribution: a fair day's pay for a hard day's work, affordable medical benefits and real retirement security."

"New Jersey Toll drivers refused to buy into the lies and threats that the company told them and voted overwhelmingly to join the Teamsters,"

said Fred Potter, President of Local 469 in Hazlet, New Jersey, and the Director of the Port Division. "Toll drivers in New Jersey now have the same rights as Toll Group drivers in Los Angeles, who are represented by Local 848, and as Australian Toll drivers represented by the Transport Workers Union."

## LOCAL 929

### University of Pennsylvania

Fifteen workers, employed at the University of Pennsylvania's kosher dining facilities, joined Local 929 in response to concerns about wages, job security and paid sick days.

Dining hall employees relied on student support, in addition to local union support, for their fight for a better workplace. For more than 18 months, workers and the university's Student Labor Action Project (SLAP) chapter planned their effort. They utilized the web and Facebook to broadcast their message. The student group helped the employees gather more than 1,000 signatures on a petition to support worker unionization.

On April 26, the strategy paid off when the 15 kosher food workers ratified their membership in Local 929. Then, after a month of bargaining, the workers unanimously approved their first contract.

"Local 929 negotiated significant wage increases each year of the three-year contract, affordable health benefits, paid time off and seniority protection," said John Preston, Secretary-Treasurer of the Philadelphia local. "We look forward to representing our newest members."

## LOCAL 727

### First Transit

Dispatchers and call takers at First Transit, Inc. voted unanimously for Local 727 representation in May.

The 12 new members at the Glenview facility provide customer service while scheduling and dispatching paratransit drivers to pick up passengers.

Earlier this year, nearly 30 dispatchers, schedulers and reservationists at MV Transportation in Niles also voted to join Local 727.

"This local union has continued to build upon our solid reputation for representing workers in this field," said John Coli Jr., President of Local 727. "We are pleased to welcome our newest members and vow to fight for them at the bargaining table and beyond."

Teamsters Local 727 represents more than 6,800 hard-working men and women throughout the Chicago area.

## LOCAL 456

### Sleepy Hollow

A group of Sleepy Hollow village employees became members of Local 456 in Elmsford, N.Y.

The new Teamsters work in a variety of jobs in the village, including village hall clerks, rec workers, office staff, crossing guards and parking enforcement.

They join other Sleepy Hollow workers and municipal workers elsewhere in Westchester County who have chosen Local 456 as their collective-bargaining agent.

The village board unanimously and voluntarily recognized the union as the bargaining agent.

# *Giving Back In* **OKLAHOMA**

**LOCAL 886 AIDS RECOVERY EFFORTS  
AFTER TORNADO DISASTER**



## **DONATE TO THE TEAMSTERS DISASTER RELIEF FUND**

The Teamsters Disaster Relief Fund is a charitable 501(c)3 developed in 1991 to assist Teamster members who have suffered a loss from a disaster long after the media has forgotten.

**For more information or to donate, visit  
[teamstersdisasterrelief.org](http://teamstersdisasterrelief.org).**



In Oklahoma, long after the cameras have left, Teamsters are still helping families pull their lives together after the devastating tornados that leveled miles of homes within two weeks of each other.

Under the direction of President Ron Cobb, Local 886 has been instrumental in Oklahoma disaster recovery efforts.

“The Teamsters have always just helped,” said Bobby Alstatt, Oklahoma City Police Chaplain and Local 886 member. “Under the direction of General President Jim Hoffa and President Ron Cobb, I’ve never been more proud to be a Teamster.”

Members and retirees took time from work and personal recovery efforts to help haul supplies for more than a combined 400 hours within the first few weeks.

Ed Hall, a YRC retiree with Local 886 in Oklahoma, volunteered to haul Red Cross supplies to families for 36 hours despite losing half his roof in the disaster.

“I thought it was the right thing to do,” Hall said. “I wanted to give back any way I could.”

## Boots on the Ground

More than 12,000 homes were damaged in the tornados, and 900,000 cubic yards of rubbish was left scattered in the aftermath, the size of over 140 football fields. FEMA has already distributed \$25 million in aid to families.

“To see the devastation, what the storms can do, never ceases to amaze me,” said Terry Raulston, a Teamster retiree and former President of Local 886. “When the storms get stronger and stronger, it literally pulls the grass out of the ground.”

“These tornados are freaks of nature—there’s no answer for it. It just destroys your home,” said Alstatt. “Most of the time you can’t even find the streets. I grew up on the south side of town and I still had no idea where I was.”

“They had to use GPS to find out where the houses were,” Cobb said.

Within a few days of the first storm, Teamsters with GPS units in hand were on the scene inspecting houses for damage, taking pictures and taking note of what people needed.

The Red Cross then called Local 886 looking for certified drivers to truck supplies out to the devastated areas.

More than 30 Teamsters loaded and hauled trucks with peanut butter crackers, rakes, baby powder, ice chests, bleach and anything else that a family might need to local high schools and fire stations.

When people had difficulty reaching distribution centers, Teamster volunteers drove to them.

“We went house to house and you could see that people had barely anything left,” Raulston said. “It’s like if you have a fire in your house. It takes years and years to recover.”

“When you stopped in a neighborhood you’d have to listen to their stories,” said Bill Underwood, a retired Teamster from Jack Cooper Transport. “I don’t know how to describe something like that.”

In one 10-block area, only three houses had managed to remain on the ground. One, a shell of its former self, was reduced to a shack with three walls.

## Phase Two

After the roads were cleared and up-turned cars were removed from crop fields, local Teamsters are still rebuilding their community.

“They think it’s over when the media rolls out,” Underwood said. “It’s not over.”

Fourteen members and retirees from Local 886 lost their homes in the disaster and another 30 were severely affected.

When the local found out, they immediately passed out \$100 gift cards to Teamster families for gas and groceries.

Later, Local 886 provided an additional \$22,000 to Teamster families affected by the tornados. A committee was set up

by Local 886 to distribute the money fairly. The Teamsters Disaster Relief Fund is in the middle of processing applications and at press time was preparing to distribute funds.

“We must have gone through three boxes of Kleenex, we were crying so much,” said Underwood, a member of the committee. “It’s not enough, it’s never enough, but we try to do what we can for these people.”

Local 886 also helps families make phone calls and fill out insurance claims and FEMA forms.

After a request from Local 886, Yellow Freight donated a 50-foot trailer to Sherry Cole and her family so they could store their belongings without fear of looting.

After their house is rebuilt, the family plans to donate the trailer to the city of Little Axe, Okla., where they live.

## Waiting to Rebuild

Even now, months after the tornadoes hit, people are sifting through the remains where their homes once stood. Bit by bit, the concrete slabs that were left by the storm are cleared off, and families are left waiting to rebuild. But only so many homes can be rebuilt at once.

“There is a waiting list for construction,” Cobb said. “I called the glass company—they wouldn’t even take my name because they were so busy.”

Ed Hall, the YRC retiree who lost part of his roof, is hoping for a fence by the beginning of August. Roofers aren’t scheduled to start work on his house for another three weeks after that.

“It’s summertime; it’s dry here,” Hall said. “My damage is just superficial.”

In the meantime, people wait, living in tents, motels and in their mother-in-law’s house. But despite their struggles, Teamsters are still planning on staying put.

“A lot of our people are from the community,” Cobb said. “They want to rebuild in the same community.”

# Union on Strong Financial Ground

Thanks to the diversity of our membership, the economic crisis has had a lesser impact on the International Brotherhood of Teamsters than other unions. We have benefited from the strength attained through the financial growth resulting from the actions taken at the 2002 Special Convention.

We continue to organize new members and negotiate strong contracts that have benefited our hardworking members.

All this has been made possible by building on our union's financial strength. In my two years as the General Secretary-Treasurer of the Teamsters Union, I have seen firsthand the lengths the union undergoes to spend your dues money wisely.

Many members may not remember the state this union was in before Jim Hoffa and Tom Keegel took office, but we were in dire financial straits. During his decade in power, as General Secretary-Treasurer, Keegel implemented real financial controls, a trustee network, a dedicated strike fund and money to organizing the unorganized.

When Jim Hoffa took office in 1999, the union had net assets of only \$8.6 million. But thanks to smart financial planning, the International's audited 2012 financial statements report net assets of more than \$56.5 million.

Our Strike and Defense Fund continues to grow, which has shown many Teamster employers that our collective bargaining strength is formidable.

The fund's balance stood at just under



\$100 million at the end of 2012. A strong Strike and Defense Fund benefits everyone in the union, whether they use it or not.

Organizing and bargaining good contracts continue to be top priorities of the Teamsters Union. All this has been made possible by building on our union's financial strength.

There are signs the economy is recovering but it won't happen overnight. In

the meantime, the Teamsters Union and our members are more secure than most thanks to astute financial foresight.

**Ken Hall**  
General Secretary-Treasurer

## International Brotherhood of Teamsters CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

	General Fund	Teamster Strike and Defense Fund	Hoffa Scholarship Fund	Disaster Relief Fund	Supplemental Benefits Trust	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 27,432,386	\$ 7,450,277	\$ 349,693	\$ 618,555	\$ 744,104	\$ 36,595,015
Receivables, net						
Trade	22,447,666	134,000	-	-	259,356	22,841,022
Grants and contributions	387,740	-	20,000	-	-	407,740
Accrued investment income	5,449	-	1	-	21	5,471
Due from/(to) related entities	825,085	3,849	(2,547)	-	(332,888)	493,499
Other	380,354	-	-	-	-	380,354
Inventories	434,347	-	13,441	-	-	447,788
Prepaid expenses	675,460	-	19,000	-	-	694,460
Investments						
First trust notes - affiliates	768,313	-	-	-	-	768,313
Other	25,223,979	97,013,541	12,108,141	-	6,284,418	140,630,079
Security deposits and other	236,129	-	27,084	-	7,500	270,713
Property and equipment, net	41,998,597	-	-	-	-	41,998,597
Total assets	\$ 120,815,505	\$104,601,667	\$12,534,813	\$ 618,555	\$6,962,511	\$245,533,051
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses						
Trade	\$ 16,677,216	\$5,295,194	\$448,042	\$ -	\$153,706	\$ 22,574,158
Loans payable	13,863,714	-	-	-	-	13,863,714
Unexpended scholarship awards	-	-	233,000	-	-	233,000
Accrued pension cost	33,050,261	-	-	-	-	33,050,261
Accrued postretirement benefits cost	700,733	-	-	-	-	700,733
Total liabilities	64,291,924	5,295,194	681,042	-	153,706	70,421,866
<b>Net assets</b>						
Unrestricted	55,156,090	99,306,473	11,853,771	618,555	6,808,805	173,743,694
Temporarily restricted	1,367,491	-	-	-	-	1,367,491
Total net assets	56,523,581	99,306,473	11,853,771	618,555	6,808,805	175,111,185
Total liabilities and net assets	\$ 120,815,505	\$104,601,667	\$12,534,813	\$ 618,555	\$6,962,511	\$245,533,051

See accompanying notes to consolidated financial statements.

## International Brotherhood of Teamsters CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	General Fund		Strike and Defense Fund	Hoffa Scholarship Fund	Disaster Relief Fund	Supplemental Benefits Trust	Total
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	
<b>REVENUE AND OTHER SUPPORT</b>							
Per capita and initiation fees	\$141,259,991	\$ -	\$19,904,020	\$ -	\$ -	\$ -	\$161,164,011
Grants and contributions	3,392,567	-	-	1,129,315	279,657	-	4,801,539
Special fundraising events	-	-	-	1,421,222	-	-	1,421,222
Field action	-	2,040,944	-	-	-	-	2,040,944
Affinity program	-	-	-	-	-	2,745,245	2,745,245
Investment income, net	656,168	-	2,121,623	503,915	-	230,050	3,511,756
Sales of supplies, net	40,708	-	-	-	-	-	40,708
Loss on disposal of property and equipment	(125,030)	-	-	-	-	-	(125,030)
Other	5,820	-	-	19,923	-	-	25,743
Net assets released from restrictions	1,343,625	(1,343,625)	-	-	-	-	-
Total revenue	146,573,849	697,319	22,025,643	3,074,375	279,657	2,975,295	175,626,138
<b>EXPENSES</b>							
Program services							
Member services							
Communications, magazine and public relations	11,176,523	-	-	-	-	125,000	11,301,523
Financial assistance to affiliates	66,015	-	-	-	-	-	66,015
Industry trade divisions and relations	31,143,517	-	-	-	-	-	31,143,517
Out-of-work benefits	3,153,359	-	13,997,777	-	-	165,565	17,316,701
Research, education and training	12,985,234	-	-	-	-	-	12,985,234
Retiree relations, scholarships and other	224,623	-	-	476,000	-	-	700,623
Organizing	19,811,626	-	-	-	-	-	19,811,626
Other	8,843,869	-	-	-	14,500	293,276	9,151,645
Affiliation fees	11,715,883	-	-	-	-	-	11,715,883
Government affairs	11,552,834	-	-	-	-	-	11,552,834
Legal and litigation	5,045,134	-	-	-	-	-	5,045,134
Civil RICO	6,792,865	-	-	-	-	-	6,792,865
Teamster Affiliates Pension Fund	5,000,000	-	-	-	-	-	5,000,000
Teamsters Archive Endowment Fund	-	-	-	-	-	1,000,000	1,000,000
Convention	1,617,668	-	-	-	-	-	1,617,668
Total program services expenses	129,129,150	-	13,997,777	476,000	14,500	1,583,841	145,201,268
Supporting services							
Administration and governance	7,701,069	-	-	60,547	1,207	470,367	8,233,190
Fundraising	-	-	-	545,606	-	-	545,606
Total expenses	136,830,219	-	13,997,777	1,082,153	15,707	2,054,208	153,980,064
<b>CHANGE IN NET ASSETS</b>	9,743,630	697,319	8,027,866	1,992,222	263,950	921,087	21,646,074
<b>NET ASSETS</b>							
Beginning of year	45,465,090	670,172	91,278,607	9,861,549	354,605	5,887,718	153,517,741
Other comprehensive income	(52,630)	-	-	-	-	-	(52,630)
End of year	\$ 55,156,090	\$1,367,491	\$99,306,473	\$11,853,771	\$618,555	\$6,808,805	\$175,111,185

See accompanying notes to consolidated financial statements.

## International Brotherhood of Teamsters CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

	General Fund	Teamster Strike and Defense Fund	Hoffa Scholarship Fund	Disaster Relief Fund	Supplemental Benefits Trust	Total
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Cash flows provided by (used for) operating activities						
Cash received from						
Affiliated conferences, joint councils and local unions	\$140,192,581	\$19,798,521	\$ -	\$ -	\$ -	\$159,991,102
Investment income	952,325	3,113,305	332,195	-	105,295	4,503,120
Other revenue and reimbursements	6,862,213	(134,000)	2,520,537	279,657	2,750,273	12,278,680
Net cash received	148,007,119	22,777,826	2,852,732	279,657	2,855,568	176,772,902
Cash disbursed to						
Service providers, suppliers, vendors and others	(128,320,163)	(5,703,651)	(886,627)	(15,707)	(1,894,288)	(136,820,436)
Other labor organizations	(2,908,288)	-	-	-	-	(2,908,288)
Affiliated conferences, joint councils and local unions	(9,442,013)	-	-	-	-	(9,442,013)
Members for benefits under Strike Benefit Assistance Program	-	(3,147,788)	-	-	-	(3,147,788)
Net cash disbursed	(140,670,464)	(8,851,439)	(886,627)	(15,707)	(1,894,288)	(152,318,525)
Net cash provided by (used for) operating activities	7,336,655	13,926,387	1,966,105	263,950	961,280	24,454,377
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>						
Proceeds from sale or redemption of investments	4,278,646	5,700,000	2,768,561	-	4,482,674	17,229,881
Purchase of investments	(5,181,447)	(13,363,176)	(4,498,625)	-	(5,287,457)	(28,330,705)
Purchase of fixed assets	(1,555,776)	-	-	-	-	(1,555,776)
Payment of loans by affiliates	255,206	-	-	-	-	255,206
Net cash used for investing activities	(2,203,371)	(7,663,176)	(1,730,064)	-	(804,783)	(12,401,394)
<b>CASH FLOWS USED FOR FINANCING ACTIVITIES</b>						
Loan repayments	(3,615,000)	-	-	-	-	(3,615,000)
Net cash used for financing activities	(3,615,000)	-	-	-	-	(3,615,000)
<b>Net increase (decrease) in cash</b>	<b>1,518,284</b>	<b>6,263,211</b>	<b>236,041</b>	<b>263,950</b>	<b>156,497</b>	<b>8,437,983</b>
<b>CASH AND CASH EQUIVALENTS</b>						
Beginning of year	25,914,102	1,187,066	113,652	354,605	587,607	28,157,032
End of year	\$27,432,386	\$7,450,277	\$349,693	\$618,555	\$744,104	\$36,595,015
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Change in net assets	\$10,388,319	\$8,027,866	\$1,992,222	\$263,950	\$921,087	\$21,593,444
Net (appreciation) depreciation of investments	226,377	940,375	(191,779)	-	(141,437)	833,536
Gain on disposal of fixed assets	125,030	-	-	-	-	125,030
Depreciation expense	2,269,984	-	-	-	-	2,269,984
(Increase) decrease in assets						
Receivables	(201,804)	(134,000)	11,452	-	5,026	(319,326)
Inventories	108,391	-	720	-	-	109,111
Prepaid expenses	358,266	-	(9,000)	-	-	349,266
Security deposits and other	533,536	-	-	-	20,000	553,536
Due to/from related entities	2,466	(105,499)	6,452	-	13,888	(82,693)
Increase (decrease) in liabilities						
Accounts payable and accrued expenses	1,394,009	5,197,645	156,788	-	142,716	6,891,158
Unexpended scholarship awards	-	-	(750)	-	-	(750)
Accrued pension cost	(7,895,423)	-	-	-	-	(7,895,423)
Accrued postretirement benefits cost	27,504	-	-	-	-	27,504
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$7,336,655</b>	<b>\$13,926,387</b>	<b>\$1,966,105</b>	<b>\$263,950</b>	<b>\$961,280</b>	<b>\$24,454,377</b>

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 1. NATURE OF OPERATIONS**

The International Brotherhood of Teamsters (the International Union) is one of the largest labor unions in North America with a membership representing a variety of industries and trades. The primary source of revenue is per capita taxes paid by local unions.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting** - The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Consolidation and Fund Accounting** - The consolidated financial statements include the accounts and activities of the International Union and related entities under the International Union's control. For purposes of presentation in the consolidated financial statements and in accordance with requirements set forth in its Constitution, the International Union reports its accounts and activities in the following funds:

**General Fund** - Provides for the ongoing activities of the International Union not specifically carried out by any other fund. The General Fund also includes the consolidated accounts of the Teamsters National Headquarters Building Corporation, a for-profit corporation formed to be a title holding corporation for the International Union's headquarters building. All significant intercompany account balances have been eliminated in consolidation. Included in the General Fund is the Public Services Assistance Fund. This fund provides assistance to public employees whose contracts do not entitle them to strike benefits. Also included in the General Fund are funds designated for organizing activities. Ten percent of per capita tax received by the International Union, excluding the amount received for members in Teamsters Canada, is designated for organizing activities. Funds designated for organizing activities for the Brotherhood of Locomotive Engineers and Trainmen, Brotherhood of Maintenance of Way Employees Division and the Graphic Communications/IBT Conference are governed by the applicable merger agreements.

**Strike and Defense Fund** - The Strike and Defense Fund was created in 2002 to support members engaged in collective action to obtain recognition, obtain and/or protect wages and benefits through the negotiation of collective bargaining agreements, enforce collective bargaining agreements, and support members who have been locked out by their employers.

Fifteen percent of per capita tax received by the International Union, excluding the amounts received for members in Teamsters Canada and members employed in the public sector who do not have the legal right to strike, are transferred to the Strike and Defense Fund. Participation in the Strike and Defense Fund for the Brotherhood of Locomotive Engineers and Trainmen Division, Brotherhood of Maintenance of Way Employees Division, and the Graphic Communications Conference are governed by the applicable merger agreements.

**Hoffa Scholarship Fund** - The Hoffa Scholarship Fund represents the accounts and activities of the James R. Hoffa Memorial Scholarship Fund, Inc., a related organization under the International Union's control. The Fund was incorporated in November 1999 and began operations in January 2000 for the purpose of awarding scholarships to dependents of union members in order to enable the recipients to attend accredited post-secondary educational institutions. The funding for scholarships is provided by voluntary contributions to the Fund, the net proceeds of annual fund raising events, and the sale of promotional materials. As a form of financial assistance to the Hoffa Scholarship Fund, the International Union provides facilities, management, administrative, accounting, and clerical assistance.

**Teamster Disaster Relief Fund** - The Teamster Disaster Relief Fund represents the accounts and activities of the Teamster Disaster Relief Fund, a related organization under the International Union's control. The Fund was incorporated in September 1992 and began operations in 1992 for the purpose of providing monetary and non-monetary relief directly or indirectly to individuals who are victims of hurricane, flood, earthquake, fire, accident, or other disaster. Funding is provided by monetary and non-monetary contributions from individuals or organizations affiliated with the International Union and the general public. As a form of financial assistance to the Disaster Relief Fund, the International Union provides facilities, management, administrative, accounting, and clerical assistance.

**Supplemental Benefits Trust** - The Supplemental Benefits Trust represents the accounts and activities of the International Brotherhood of Teamsters Supplemental Benefits Trust, a financially inter-related organization under the International Union's control. The Trust was established on January 1, 2003, to serve as a vehicle for the coordination of several credit cards, insurance, and other programs offered to members of the International Union and their families by third party vendors. The Trust is funded primarily through royalty payments payable in accordance with the provisions of various agreements between the International Union and third party vendors which have been assigned by the International Union to the Trust.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of amounts held in demand deposit accounts, money market accounts, and funds.

**Inventory** - The International Union maintains an inventory of supplies for resale to local unions and individual members. Inventory is stated at cost which approximates the selling price of items held.

**Investments** - Investments are reported at their aggregate fair value. The fair value of investments is determined by quoted market prices as reported by the investment custodian.

**Property and Equipment** - Property and equipment are carried at cost. Major additions are capitalized, while replacements and repairs that do not improve or extend the lives of the respective assets are expensed. Depreciation and amortization expense is computed using the straight line method over the following estimated useful lives of the assets:

Building and improvements	39 years
Data processing equipment	5 years
Office equipment and capitalized software	3-10 years
Furniture and fixtures	10 years
Automobiles	5 years

**Canadian Currency** - The International Union maintains checking and savings accounts in Canada as well as the United States. For financial statement purposes, all assets are expressed in U.S. dollar equivalents.

Canadian currencies included in the consolidated statement of financial position are translated at the exchange rates in effect on the last day of the year. Unrealized increases and decreases due to fluctuations in exchange rates are included in the consolidated statement of activities.

Funds received and disbursed in Canada are stated in U.S. dollars based on the average exchange rates in effect during the year when reported in the revenue and expenses included in the consolidated statement of activities.

**Use of Estimates in the Preparation of Financial Statements** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make esti-

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

mates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Presentation** - The International Union's consolidated financial statements present its net assets, revenues, expenses, gains, and losses, classified between unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions. The International Union does not have any permanently restricted net assets.

### NOTE 3. TAX STATUS

The International Union is exempt from Federal income taxes under Section 501(c)(5) of the Internal Revenue Code, except on any income derived from activities unrelated to its exempt purpose.

Income taxes on net earnings are payable by the Teamsters National Headquarters Building Corporation pursuant to the Internal Revenue Code. All operating costs of the Corporation are fully reimbursed by the International Union resulting in no net income or loss. Accordingly, no provision has been made for Federal income taxes.

The Hoffa Scholarship Fund and Teamster Disaster Relief Fund are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are reasonably expected to be publicly supported organizations and not private foundations. The Funds are subject to tax derived from unrelated business activities.

The Supplemental Benefits Trust is exempt from Federal income taxes under Section 501(c)(5) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

Management has evaluated the International Union's tax position and concluded that it has maintained its tax exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. At the present time, the International Union is no longer subject to income tax examinations by U.S. Federal, state, or local tax authorities for years before 2009.

### NOTE 4. TRADE RECEIVABLES

Trade receivables consist of the following at December 31, 2012:

Per capita and initiation fees	\$ 16,305,733
Due from Strike and Defense Fund	5,286,169
Unsecured notes receivable	306,443
Affinity program	259,356
Other	705,523
	<u>22,863,224</u>
Less allowance for doubtful accounts	(22,202)
	<u>\$ 22,841,022</u>

The amount due from the Strike and Defense Fund is recorded as a liability of the Strike and Defense Fund on the Consolidated Statement of Financial Position.

### NOTE 5. UNINSURED CASH BALANCES AND INVESTMENT CONCENTRATIONS

The International Union maintains cash and cash equivalents with various financial institutions as of December 31, 2012, totaling approximately \$34,200,000, which were not insured by the Federal Deposit Insurance Corporation.

The International Union also maintains cash at a Canadian financial institution, which is insured up to \$100,000. As of December 31, 2012, the International Union's cash in the Canadian financial institution in excess of insurance coverage totaled approximately \$617,000 in Canadian dollars (approximately \$620,000 U.S. Dollars).

The Supplemental Benefits Trust maintains its cash at two financial institutions. As of December 31, 2012, the Supplemental Benefits Trust's cash in excess of FDIC insurance coverage totaled approximately \$483,007.

The Teamster Disaster Relief Fund maintains cash primarily with the same financial institution. As of December 31, 2012, the Teamsters Disaster Relief Fund's cash in excess of FDIC insurance coverage totaled approximately \$368,555.

The Hoffa Scholarship Fund maintains cash primarily with the same financial institution. As of December 31, 2012, the Hoffa Scholarship Fund's cash in excess of FDIC insurance coverage totaled approximately \$66,391.

### NOTE 6. GRANTS RECEIVABLE

Amounts due under grant agreements with the U.S. Government totaled \$387,740 and are due to be received within one year.

### NOTE 7. INVESTMENTS

The fair value and cost of investments held by the International Union at December 31, 2012, is summarized below:

	Cost	Fair Value
Common stock	\$ 459,436	\$ 837,568
Preferred Stock	4	2
Corporate bonds	43,536	15,449
Mutual funds - equity	1,758,147	2,123,812
Mutual fund - fixed income	136,595,093	137,653,248
	<u>\$138,856,216</u>	<u>\$140,630,079</u>

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 7. INVESTMENTS (CONTINUED)**

Investment income for the year ended December 31, 2012, consisted of the following:

	General Fund	Strike Fund	Hoffa Scholarship Fund	Supplemental Benefits Trust	Total
Interest and dividends	\$ 935,357	\$ 3,113,305	\$ 332,136	\$105,297	\$ 4,486,095
Net realized and unrealized (loss) gain on investments	(226,377)	(940,375)	191,779	141,437	(833,536)
Investment expenses	(52,812)	(51,307)	(20,000)	(16,684)	(140,803)
	<u>\$ 656,168</u>	<u>\$ 2,121,623</u>	<u>\$ 503,915</u>	<u>\$ 230,050</u>	<u>\$ 3,511,756</u>

**NOTE 8. FAIR VALUE MEASUREMENTS**

Fair Value Measurements and Disclosures establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

## Basis of Fair Value Measurement

- Level 1 - Unadjusted quoted prices in active markets for identical assets that are accessible at the measurement date.
- Level 2 - Quoted prices in markets that are not considered active or investments for which all significant inputs are observable.
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

	Fair Value Measurements at December 31, 2012			
	Total	Level 1	Level 2	Level 3
Common stock - all cap value	\$ 837,568	\$ 837,568	\$ -	\$ -
Preferred stock	2	2	-	-
Corporate obligations	15,449	-	15,449	-
Mutual funds - equity	2,123,812	2,123,812	-	-
Mutual funds - fixed income	137,653,248	137,653,248	-	-
	<u>\$ 140,630,079</u>	<u>\$140,614,630</u>	<u>\$ 15,449</u>	<u>\$ -</u>

For the year ended December 31, 2012, there were no transfers in or out of levels 1, 2, or 3.

**NOTE 9. INVESTMENTS IN FIRST TRUST NOTES**

The International Union provided loans to affiliates for financial assistance. These loans are secured by real estate and are carried at their unpaid principal balance of \$768,313. No allowance for uncollectible accounts was deemed necessary as of December 31, 2012.

**NOTE 10. PROPERTY AND EQUIPMENT**

Property and equipment held by the International Union consists of the following as of December 31, 2012:

Land - headquarters	\$ 794,117
Headquarters building	51,893,545
Leasehold improvements	26,000
Furniture and fixtures	5,423,227
Equipment	4,050,991
Data processing equipment	2,342,015
Computer software	4,128,905
Automobiles	174,482
Work in process	654,136
	<u>69,487,418</u>
Less accumulated depreciation	<u>(27,488,821)</u>
Net property and equipment	<u>\$ 41,998,597</u>

Depreciation expense for the year ended December 31, 2012, was \$2,269,984.

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 11. THE TEAMSTER AFFILIATES PENSION PLAN**

The Teamster Affiliates Pension Plan (the Plan) provides defined benefits to eligible officers and employees of the International Union's affiliates.

The General Executive Board elected to curtail the Plan effective December 31, 1994, thus freezing benefits for most participants at the then accumulated level. Effective January 1, 1995, the Plan was amended to allow the affiliates to contribute on behalf of their employees. For those participants whose employer continued to contribute, benefits were not frozen until December 31, 2001. Effective January 1, 2002, no additional retirement or other benefit will be accrued under this Plan by any participant of the Plan. Any participation agreement which may have been submitted by an affiliate to, and accepted by, the Trustees of this Plan at any time on or after January 1, 1995, shall be terminated effective January 1, 2002, and no contribution shall be accepted by the Trustees from an affiliate on behalf of a participant employed by that affiliate with respect to any period of time beginning on or after January 1, 2002.

Prior to January 1, 2008, the International Union accounted for the Teamster Affiliates Pension Plan in accordance with "Compensation-Defined Benefit Plans." Under the provisions of the Pension Protection Act of 2006, the International Union was able to convert the Plan from a multiple employer plan to a multiemployer plan. As a result of this conversion, the International Union accounts for the Plan in accordance with "Compensation - Multiemployer Plans."

The Plan's consulting actuary will determine the Plan's funding requirement on an annual basis. The funding requirement has been zero since at least 1994. If the consulting actuary determines that a contribution must be made to the Plan, the International Union will determine the method for funding the Plan.

No individual who was initially employed by an affiliate on or after January 1, 2002, was eligible to become a participant of the Plan. No compensation that was received by a participant of the Plan with respect to any period of time beginning on or after January 1, 2002, was considered to be the earnings of that participant for purposes of the Plan. Any periods of credited service and/or vesting service earned by a participant on or after January 1, 2002, shall continue to be used to determine the eligibility of that participant to receive a retirement or other benefit under this Plan, but shall not be used to determine the amount of any retirement or other benefit which that participant may otherwise be entitled to receive under this Plan.

The information on benefit costs for the year ended December 31, 2012, as determined by the consulting actuary, is as follows:

Employer contributions	\$ 5,000,000
Plan participants' contributions	-
Benefits paid	42,711,126

In computing the funded status of the Plan as of December 31, 2012, the consulting actuary used the following assumptions:

Discount rate	4.25%
Average rate on compensation increases	N/A

The funded status of the Plan as of December 31, 2012, as determined by the actuary, is as follows:

Projected benefit obligation	\$ (498,811,467)
Fair value of Plan assets	<u>289,250,313</u>
Funded status	<u>\$ (209,561,154)</u>
Accumulated benefit obligation	\$ (498,811,467)

The Plan's expected long-term rate of return on assets assumption is 8.00%. As defined in "Compensation-Multiemployer Plan," this assumption represents the rate of return on Plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The Plan's overall investment strategy is to invest in securities that will meet or exceed an absolute return of 8%. In order to meet its needs, the Plan's investment strategy is to emphasize total return primarily by emphasizing long-term growth of principal while avoiding excessive risk and secondly by achieving returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of Plan assets. In general, the Plan's goal is to maintain the following allocation ranges for investments:

Domestic equities	42.5% - 52.5%
International equities	2.5% - 12.5%
Global fixed income	20.0% - 30.0%
High yield fixed income	0.0% - 10.0%
Risk parity	0.0% - 10.0%
Cash and equivalents	0.0% - 7.0%

The major classes of plan investments at December 31, 2012 are:

	<u>Fair Value</u>
Collective trust fund	\$ 157,070,728
Common stock	63,256,297
103-12 investment entity - fixed income	62,878,284
Mutual fund - fixed income	930,391
Money market mutual funds	<u>1,868,338</u>
	<u>\$ 286,004,038</u>

Fair Value Measurements and Disclosures establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

**Basis of Fair Value Measurement**

Level 1 - Unadjusted quoted prices in active markets for identical assets that are accessible at the measurement date.

Level 2 - Quoted prices in markets that are not considered active or investments for which all significant inputs are observable.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 11. THE TEAMSTER AFFILIATES PENSION PLAN (CONTINUED)**

	Fair Value Measurements at December 31, 2012			
	Total	Level 1	Level 2	Level 3
Collective trust funds:				
Balanced risk commodity fund	\$ 14,866,385	\$ -	\$ 14,866,385	\$ -
Balanced risk allocation fund	16,557,474	-	16,557,474	-
Equity index fund - all cap	24,316,208	-	24,316,208	-
Equity index fund - large cap	79,155,387	-	79,155,387	-
Fixed income high yield fund	22,175,274	-	22,175,274	-
Common stock:				
Small cap growth	29,601,393	29,601,393	-	-
Small cap value	30,146,058	30,146,058	-	-
Large cap value	3,508,846	3,508,846	-	-
103-12 investment entity - fixed income	62,878,284	-	-	62,878,284
Mutual fund - fixed income	930,391	930,391	-	-
Money market mutual funds	1,868,338	1,868,338	-	-
	<u>\$ 286,004,038</u>	<u>\$66,055,026</u>	<u>\$ 157,070,728</u>	<u>\$ 62,878,284</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2012, there were no transfers in or out of levels 1, 2, or 3.

	Level 3 Fair Value Measurements
	103-12 investment entity
Beginning balance	\$ 63,904,855
Realized gains	223,548
Unrealized gains	1,270,503
Purchases	1,479,378
Sales	(4,000,000)
Ending balance	<u>\$ 62,878,284</u>

The unfunded commitments, redemption frequency information and redemption notice periods are as follows at December 31, 2012:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Collective trust fund:				
NT Coll MSCI ACWI EX-US Index Fund <sup>(a)</sup>	\$ 24,316,208	\$ -	Daily	n/a
NT Coll Russell 1000 Index Fund <sup>(b)</sup>	79,155,387	-	Daily	n/a
Invesco Balanced Risk Allocation Fund <sup>(c)</sup>	16,557,474	-	Daily	n/a
Invesco Balanced Risk <sup>(d)</sup>	14,866,385	-	Daily	n/a
Crescent Capital High Yield Fund <sup>(e)</sup>	22,175,274	-	Daily	n/a
103-12 investment entity - fixed income:				
Baring - IBT Diversified Global Fixed Income Portfolio Fund <sup>(f)</sup>	62,878,284	-	Monthly	10 days

(a) - The primary objective of the NT Collective MSCI All Country World Index (ACWI) Ex-US Index Fund is to provide investment results that replicate the overall performance of the MSCI ACWI Ex-US Index. The Fund may make limited use of futures and/or options for the purpose of maintaining equity exposure. This Fund does not participate in securities lending.

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
**YEAR ENDED DECEMBER 31, 2012**

(b) - The primary objective of the NT Collective Russell 1000 Index Fund is to approximate the risk and return characterized by the Russell 1000 Index. This Index is commonly used to represent the large cap segment of the U.S. equity market. This fund may hold units of the NT Collective Russell 1000 Growth Index Fund - Non Lending and the NT Collective Russell 1000 Value Index Fund - Non-Lending. This Fund does not participate in securities lending.

(c) The objective of this Trust is to outperform the Barclays Capital U.S. Treasury Bellwethers 3-Month Index by 6.00% over a rolling three- to five-year investment horizon. The Trust will strive to achieve this objective with a proprietary risk premium capture strategy that targets 8.00% portfolio risk and seeks to minimize the risk of large drawdowns with a risk-balanced investment process. Portfolio risk defined as the annualized standard deviation of Trust returns.

(d) The objective of this Trust is to outperform the Dow Jones-UBS Commodity Index over a rolling three to five year investment horizon. The Trust will strive to achieve this objective with a proprietary risk premium capture strategy that targets lower portfolio volatility than the index and seek to minimize the risk of large drawdowns with a risk-balanced investment process.

(e) Crescent Capital High Yield Fund is a specialized investment platform, focused on below investment grade debt and actively investing across the capital structure of corporate obligors, both through public capital markets (high yield bonds and bank loans) and private markets (private debt, distressed, and mezzanine). Crescent has no other sources of revenue other than from investing. Their products are primarily marketed to domestic, institutional investors.

(f) - The objective of the 103-12 investment entity is to seek a total return of 200 basis points in excess of that achieved by the Barclays Global Aggregate Bond Index over the course of a full market cycle (generally 3-5 years).

The International Union has committed to contribute at least \$24,000,000 to the Plan, in \$5,000,000 increments, in 2010, 2011, and 2012, and at least 9,000,000 in 2013. The International Union made three \$5,000,000 payments in December 2010, 2011, and 2012. At December 31, 2012, the International Union's remaining commitment is at least \$9,000,000.

Benefits expected to be paid by the Plan during the ensuing five years and thereafter are, approximately, as follows:

2013	\$ 44,476,097
2014	43,491,633
2015	42,276,992
2016	40,874,316
2017	38,940,545
Aggregate for five years beginning 2018	173,109,615

## NOTE 12. RETIREMENT AND FAMILY PROTECTION PLAN

The International Union is the sponsor of the Retirement and Family Protection Plan (the Plan), a defined benefit plan that covers the employees of the International Union and the Teamsters National Headquarters Building Corporation (a wholly owned subsidiary). Substantially all of the employees participate in the Plan. Benefits provided by this Plan are determined based on years of service, level of compensation, and date of employment. The International Union pays the full cost of the Plan and annually determines the amount, if any, to contribute to the Retirement and Family Protection Plan based on the advice of consulting actuaries.

The International Union reports in accordance with Financial Accounting

Standards Board "Compensation-Defined Benefit Plans" requires that the full funding status of defined benefit pension and other postretirement plans be recognized on the statement of financial position as an asset (for overfunded plans) or as a liability (for underfunded plans).

In computing net periodic pension costs as of January 1, 2012, to be recognized for the year ended December 31, 2012, the consulting actuary used the following assumptions:

Discount rate	4.5%
Average rate of compensation increase	3.75
Expected return on Plan assets	8.00

The information on benefit cost for the year 2012, as determined by the consulting actuary, is as follows:

Employer contributions	\$ 16,000,000
Plan participants' contributions	-
Benefits paid	10,510,782

In computing the funded status of the Plan as of December 31, 2012, the consulting actuary used the following assumptions:

Discount rate	4.25%
Average rate of compensation increases	3.50

The funded status of the Plan as of December 31, 2012, as determined by the consulting actuary, is as follows:

Projected benefit obligation	\$(126,126,290)
Fair value of plan assets	93,076,029
Funded status	<u>(33,050,261)</u>
Accumulated benefit obligation	<u>\$(103,821,400)</u>

Amounts recognized in the statement of financial position as of December 31, 2012, consist as follows:

Non-current assets	\$ -
Current liabilities	-
Non-current liabilities	(33,050,261)

Amounts recognized in net assets as of December 31, 2012, consist as follows:

Transition obligation	\$ -
Prior service cost	(790,445)
Net loss	35,375,071
	<u>34,584,626</u>
Net periodic benefit cost	<u>\$ 8,042,620</u>

Other changes in Plan assets and benefit obligations recognized in net assets as of December 31, 2012:

New transition obligation	\$ -
New prior service credit	-
New net gain	2,425,919
Amortization of transition obligation	-
Amortization of prior service cost	(245,231)
Amortization of net loss	<u>(2,118,731)</u>
Total recognized in net assets	<u>\$ 61,957</u>
Total recognized in net periodic benefit cost and net assets:	<u>\$ 8,104,577</u>

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 12. RETIREMENT AND FAMILY PROTECTION PLAN (CONTINUED)**

The amounts that will be amortized from net assets into net periodic benefit cost over the next fiscal year are:

Transition obligation	\$	-
Prior service cost		245,231
Net loss		1,775,065
	<u>\$</u>	<u>2,020,296</u>

The Plan's expected long-term rate of return on assets assumption is 8.00%. As defined in Financial Accounting Standards Board "Compensation-Defined Benefit Plans," this assumption represents the rate of return on Plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The Plan's overall investment strategy is to invest in securities that will meet or exceed an absolute return of 8.00%. In order to meet its needs, the Plan's investment strategy is to emphasize total return primarily by emphasizing long-term growth of principal while avoiding excessive risk and secondly by achieving returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of Plan assets.

The Plan's goal is to maintain the following allocation ranges for investments:

Fixed income	55% - 80%
Risk parity	10% - 20%
Equity	0% - 10%
Cash and equivalents	0% - 7%

The major classes of plan investments at December 31, 2012, are:

	<u>Fair Value</u>
Collective trust fund	\$ 86,042,039
Mutual fund - fixed income	6,582,836
Money market mutual fund	93,075
	<u>\$ 92,717,950</u>

Fair Value Measurements and Disclosures establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

## Basis of Fair Value Measurement

- Level 1 - Unadjusted quoted prices in active markets for identical assets that are accessible at the measurement date.
- Level 2 - Quoted prices in markets that are not considered active or investments for which all significant inputs are observable.
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

	Fair Value Measurements at December 31, 2012			
	Total	Level 1	Level 2	Level 3
Collective trust funds:				
Fixed income	\$ 67,475,339	\$ -	\$67,475,339	\$ -
Equity index fund - all cap	4,688,820	-	4,688,820	-
Balance risk	13,877,880	-	13,877,880	-
Mutual fund - fixed income	6,582,836	6,582,836	-	-
Money market mutual fund	93,075	93,075	-	-
	<u>\$ 92,717,950</u>	<u>\$ 6,675,911</u>	<u>\$86,042,039</u>	<u>\$ -</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no transfers between levels 1, 2, or 3 for the year ending December 31, 2012.

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 12. RETIREMENT AND FAMILY PROTECTION PLAN (CONTINUED)**

The unfunded commitments and redemption information and redemption period are as follows at December 31, 2012:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Collective trust fund:				
NT Coll Agg Bond Index Fund <sup>(a)</sup>	\$57,973,072	\$ -	Daily	n/a
NT Coll Russell 1000 Index Fund <sup>(b)</sup>	4,688,820	-	Daily	n/a
Invesco - Balanced Risk Allocation Trust <sup>(c)</sup>	13,877,880	-	Daily	n/a
Crescent Capital High Yield Fund <sup>(d)</sup>	9,502,267	-	Daily	n/a

(a) The primary objective of the NT Collective Aggregate Bond Index Fund, a collective fund for qualified plans, is to provide investment results that approximate the overall performance of the Barclay's Capital U.S. Aggregate Index. The Fund may hold units of participation in any fixed income collective fund established and maintained by the Trustee or any of its affiliates. The Fund may make limited use of interest rate futures and/or options for the purpose of maintaining market exposure. This Fund may not participate in securities lending.

(b) The primary objective of the Russell 3000 Index Fund, a collective fund for qualified plans, is to approximate the risk and return characterized by the Russell 3000 Index. This Index is commonly used to represent the broad U.S. equity market. This fund may hold units of the NT Collective Russell 2000 Index Fund - Non Lending and the NT Collective Russell 1000 Index Fund - Non Lending. This Fund does not participate in securities lending.

(c) The objective of this Trust is to outperform the Barclays Capital U.S. Treasury Bellwethers 3-Month Index by 6.00% over a rolling three- to five-year investment horizon. The Trust will strive to achieve this objective with a proprietary risk premium capture strategy that targets 8.00% portfolio risk and seeks to minimize the risk of large drawdowns with a risk-balanced investment process. Portfolio risk defined as the annualized standard deviation of Trust returns.

(d) Crescent Capital High Yield Fund is a specialized investment platform, focused on below investment grade debt and actively investing across the capital structure of corporate obligors, both through public capital markets (high yield bonds and bank loans) and private markets (private debt, distressed, and mezzanine). Crescent has no other sources of revenue other than from investing. Their products are primarily marketed to domestic, institutional investors.

The International Union's expected contribution to the Plan for the year ended December 31, 2013, is \$16,000,000. Benefits expected to be paid by the Plan during the ensuing five years and thereafter are approximately as follows:

2013	\$ 9,746,113
2014	9,534,752
2015	10,092,372
2016	10,536,627
2017	10,626,434
Aggregate for five years beginning 2018	53,256,405

**NOTE 13. TEAMSTERS NATIONAL 401(K) SAVINGS PLAN**

In 1996, the International Union entered into a trust agreement to participate in the Teamsters National 401(k) Savings Plan (the Plan). Beginning in April 1997,

employees of the International Union who have completed 30 days of service may contribute to the Plan through payroll deductions. Participants may contribute up to 89% of their pretax salaries up to the maximum prescribed by law and an additional 5% of after-tax salaries. The International Union, as a Plan sponsor, does not contribute to the Plan and assumes no liability for the Plan's administrative costs.

**NOTE 14. RELATED ENTITIES**

The International Union has various related entities not included in the consolidation, which include a political and education fund (a separate, segregated fund of the International Union), two defined benefit pension plans, a defined contribution pension plan, a legal defense fund, and a voluntary employee benefits trust. These entities, as well as the Strike and Defense Fund, Supplemental Benefits Trust, Teamster Disaster Relief Fund, and James R. Hoffa Memorial Scholarship Fund, Inc., which are included in the consolidated financial statements, and amounts due to the International Union at December 31, 2012, are as follows:

Strike and Defense Fund	\$ (3,849)
Teamster Affiliates Pension Plan	1,602
Hoffa Scholarship Fund	2,547
Retirement and Family Protection Plan	274
Voluntary Employee Benefits Trust	480,462
Supplemental Benefits Trust	332,888
Teamsters Legal Defense Fund	11,161
Total	<u>\$ 825,085</u>

The International Union absorbs the administrative costs applicable to the operations of these related entities. All but the political and education fund, Teamster Disaster Relief Fund, and James R. Hoffa Memorial Scholarship Fund reimburse the International Union for those administrative costs through cost sharing arrangements.

**NOTE 15. POSTRETIREMENT BENEFITS**

The International Union provides life insurance benefits for retired employees meeting the requirements of a normal pension or becoming disabled and receiving a disability pension. Spouses and dependent children of these retirees are also eligible to participate. In addition, certain spouses and dependent children of deceased active employees are eligible to participate in the plan.

In accordance with applicable accounting standards, the International Union has recognized a liability of \$700,733 which represents the actuarially calculated accumulated benefit obligation. The accumulated benefit obligation represents

*International Brotherhood of Teamsters* NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
**YEAR ENDED DECEMBER 31, 2012**

the present value of future premiums to be paid by the International Union calculated using various assumptions for matters such as mortality and discount rate. The total recognized in net periodic benefit cost and other comprehensive income for the year ended December 31, 2012, totaled \$31,475.

**NOTE 16. ACCRUED LEAVE**

In compliance with "Compensated Absences," the International Union has established a liability of \$3,102,483 representing accumulated future absences of its employees through the year ended December 31, 2012, which is included under "accounts payable and accrued expenses" in the consolidated statement of financial position.

**NOTE 17. COMMITMENTS AND CONTINGENCIES**

The International Union is involved in litigation arising in the normal course of operations. Some of the litigation involves matters common to any organization of comparable size, including personnel, employment, contract, and trademark issues.

Other litigation relates to the International Union's status as a labor organization. Much of this latter litigation is strategic, pursued by employers intent on pressuring the International Union with respect to its conduct as a bargaining representative, pursuing better wages, hours, and working conditions for the members of the International Brotherhood of Teamsters.

None of the litigation involves any substantial liability on the part of the International Union. Accordingly, no provision for any liability that may result upon final adjudication of any pending litigation has been made in the accompanying consolidated financial statements.

**NOTE 18. AFFINITY PROGRAM**

The International Union entered into agreements with HSBC Finance Corporation (HSBC) and GMAC Insurance Company (GMACI) under which royalty payments are received. The International Union assigned any and all rights and interests it may have related to these royalties to the Trustees of the International Brotherhood of Teamsters Supplemental Benefits Trust. On August 9, 2011, Capital One Financial (COF) announced the acquisition of HSBC's U.S. credit card portfolio. Accordingly, COF is legally obligated to assume all of the obligations and responsibilities of HSBC under its agreement with the International Union.

The agreement with HSBC provides that HSBC will pay royalties in exchange for the right to use the International Union's intangible property including name, logo, and membership lists in connection with the marketing of credit cards and other financial products to members of the International Union. Under this agreement, HSBC has agreed to pay the International Union certain royalties commencing as of September 1, 2007, in part to ensure that the International Union will continue to maintain its credit card and loan program with HSBC at least until the agreement's scheduled expiration date of February 28, 2019. This agreement will renew automatically for successive periods of one year each unless the International Union or HSBC notifies the other party of its intent not to renew the agreement at least twelve months prior to February 28, 2019.

The agreement with GMACI provides that GMACI has the exclusive rights to market and sell insurance coverage to International Union members in exchange for a fee of 3% of the direct written premium on policies underwritten for the plan by GMACI. The fees represent reimbursement for administrative expenses incurred by the International Union, list management services in connection with

marketing the insurance plan and for the use of the International Union name and logo.

The Supplemental Benefits Trust also has an agreement with Nu Travel and a joint agreement between the International Union and Affinity Financial Corporation under which royalty payments are received.

**NOTE 19. LEASES**

The International Union leases office equipment, office space, and residential space. Monthly lease and maintenance payments are allocated to program expenses in the consolidated statement of activities. Lease obligations under non-cancelable operating leases are as follows:

Year ending December 31, 2013	\$ 1,017,384
2014	825,223
2015	653,790
2016	203,853
2017	172,421
Total	<u>2,872,671</u>
Thereafter	<u>270,519</u>
	<u>\$ 3,143,190</u>

Rental payments totaled \$1,086,454 for the year ended December 31, 2012.

**NOTE 20. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets in the General Fund as of December 31, 2011, resulted from contributions from local union members, local unions, and other affiliates for member-to-member communications through a newly created Field Action Fund run by the International Union. At December 31, 2012, temporarily restricted net assets consisted of \$1,367,491 for these activities.

**NOTE 21. LOAN PAYABLE**

During the year ended December 31, 2012, the International Union renewed its loan agreement (line of credit) and promissory note with Wells Fargo Bank to borrow amounts up to \$24,000,000. Interest is due monthly on the outstanding balance of the note and the principal payment is due by June 30, 2013. As of December 31, 2012, the outstanding principal balance due on the note was \$13,863,714 at a variable interest rate of .70%.

Interest expense totaled \$118,058 for the year ended December 31, 2012.

**NOTE 22. RISKS AND UNCERTAINTIES**

The International Union holds diversified investments which are exposed to various risks including economic, interest rate, market, and sector. Such risks could cause material near term fluctuations in the market value of the investments as reported in these financial statements.

**NOTE 23. SUBSEQUENT EVENTS**

The International Union has evaluated subsequent events through June 28, 2013, the date the financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.

## REPORT TO ALL MEMBERS OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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FROM: Independent Review Board  
Benjamin R. Civiletti  
Joseph E. diGenova  
William H. Webster

DATED: June 7, 2013

### I. INTRODUCTION

This is Report Number 3 of the Independent Review Board (IRB) for 2013 regarding activities conducted pursuant to the Consent Order. In this Report we will discuss two recently issued reports. In some detail, you were previously informed of prior charges against IBT officers and members and recommended Trusteeships by IRB. This report will provide the status of those prior charges and Trusteeships.

### II. NEW REPORTS

#### A. MICHAEL RUSSO, LOCAL 282, LAKE SUCCESS, NEW YORK

On April 23, 2013 the Independent Review Board forwarded a report concerning Local 282 member Michael Russo to the Executive Board of Local 282 in Lake Success, New York. This report recommends that a charge be filed against Mr. Russo for failing to cooperate with the IRB by refusing to answer certain questions during his IRB sworn examination on March 15, 2013.

As discussed in the report, during his sworn examination, Mr. Russo asserted his fifth Amendment Privilege and failed to answer several questions regarding alleged criminal activity for which he was charged. Mr. Russo was indicted for conspiracy to transport stolen property interstate in violation of Title 18 U.S.C. which is an act of racketeering activity and as such is conduct prohibited by the Consent Order and the IBT Constitution.

By his actions, it appears that, while an IBT member, Mr. Russo violated the IBT Constitution by obstructing, interfering and unreasonably failing to cooperate with the duties of the IRB as set in the Consent Decree.

In a letter to Mr. Russo dated May 8, 2013, from the Secretary-Treasurer of Local 282, he was informed that the Local Executive Board will conduct a hearing on these charges on June 6, 2013.

#### B. ALEXIS RODRIGUEZ NORMANDIA, LOCAL 901, SAN JUAN, PUERTO RICO

On April 23, 2013, the Independent Review Board sent a report to the IBT General President with a recommendation that a charge be filed against Local 901 Secretary-Treasurer Alexis ("Rodriguez") Normandia based upon his conviction for misdemeanor assault on Leonardo ("Delgado") Navarro, an attorney who had represented a former Local 901 member Gamalier ("Sanchez") in connection with a complaint Mr. Sanchez filed against Local 901.

Rodriguez's assault on Delgado took place on August 8, 2011, outside the Board of Reconciliation and Arbitration. Prior to the assault, Rodriguez had told the member that the next time Rodriguez saw Delgado, the member's lawyer, he would hit him. On January 24, 2012, Rodriguez was convicted after a trial in the Superior Court in San Juan of misdemeanor assault. Mr. Rodriguez was sentenced to 20 days or a \$200 fine. Rodriguez paid the fine. Local 901 has a history of violence.

In a letter dated May 15, 2013 to John J. Cronin, Jr., IRB Administrator, from Bradley T. Raymond, IBT General Counsel, a proposed agreement resolving the charges against Mr. Normandia was proposed to the IRB. The proposed agreement provides for a 30-day unpaid suspension from office, effective May 24, 2013 and ending June 24, 2013. The IRB has this matter under consideration.

### III. PROGRESS OF EXISTING CHARGES

#### A. STATUS OF REMAINING CASE, LOCAL 82, BOSTON, MASSACHUSETTS

Mr. James P. Hoffa, IBT General President, released Local 82 from Trusteeship effective December 31, 2011. Local 82 was subsequently merged with Local 25 in Boston, Massachusetts.

Based on the results of an IRB hearing held on October 11, 2011, the IRB has rendered decisions and opinions on the then remaining unresolved cases for Local 82. These cases were discussed in some detail in prior issues of this report.

One case remains unresolved as follows:

**Leif Thornton, Cheryl Milisi, Francis Dizoglio, John Logan and Nicholas Murphy**

On January 25, 2012, the IRB issued its opinion and decision on charges against members of the Executive Board and, on this same date, submitted Application 155 on this matter to Chief Judge Preska for review; and if affirmed, to be entered as an order of the Court.

Mr. Murphy filed an appeal on March 21, 2012 with Chief Judge Preska. This matter is under consideration.

#### B. TRUSTEESHIP – LOCAL 120, BLAINE, MINNESOTA

Local 120, which is located in Blaine, Minnesota, has approximately 11,600 members employed as drivers, helpers, and truck terminal employees, over the road, city transfer, cold storage, grocery and market drivers. In addition to its location in Blaine, Local 120 has offices in Fargo, North Dakota; Des Moines, and Dubuque, Iowa; Sioux Falls, South Dakota; and Mankato, Minnesota.

##### **Trusteeship Recommendation**

In a report dated November 9, 2012 to James P. Hoffa, IBT General President, the IRB recommended that Local 120 be placed in Trusteeship. As detailed in the report, there is evidence that the Secretary-Treasurer and President are corrupt and incompetent, the Local is engaged in financial malpractice and is not being conducted in the best interest of its members.

Brad D. Slawson, Sr. Secretary-Treasurer, and principal officer of the Local, and his son Brad A. Slawson, Jr. President, have violated the Local's Bylaws on numerous occasions, without the required membership and Executive Board approval, by not maintaining required records at the Local and paying themselves out of Local funds without Executive Board approval.

The following are examples where this has occurred:

- **Questioned Costs and Other Issues in Buying Land and Constructing a New Building**
- **Operating a For-Profit Bar and Diverting Funds**
- **Appointing a Family Friend as Consultant**
- **Entering Into Sham Contracts**
- **Questionable Record Keeping Regarding Distribution of Tickets to Sporting Events**
- **Diverting Strike Funds to Building Construction**
- **Submitting False Expense Reports**

A discussion of these examples is provided in Teamster Magazine No. 1 for 2013.

**Trustee Appointed**

On November 9, 2012, James P. Hoffa, based on IRB's recommendation, determined that an immediate Trusteeship of Local 120 was necessary and on the same date appointed William Moore to serve as Temporary Trustee of Local 120. On January 14, 2013 a hearing panel report was sent to Mr. Hoffa. On January 15, Mr. Hoffa determined to continue the trusteeship.

**C. BRADLEY D. SLAWSON SR., BRADLEY A. SLAWSON JR., AND TODD CHESTER, LOCAL 120 BLAINE, MINNESOTA**

In a report dated December 20, 2012 the IRB recommended to James P. Hoffa, IBT General President, that charges as summarized below be filed against former Local 120 Secretary-Treasurer Slawson, Sr., Local 120 President Slawson, Jr., and former Local 120 employee and member Chester.

On December 21, 2013 Mr. Hoffa determined to adopt and file the IRB charges as follows:

**Mr. Slawson, Sr.**

It is recommended that Mr. Slawson, Sr. be charged with:

- Embezzling \$90,000 of Local funds through a scheme to pass the Local funds to his friend, Chester, through Stone Construction, Inc., the general contractor on the Local's building project.
- Embezzling \$68,100 from the Local by taking money without authority and without a union purpose from a Bar and Gaming Operation.
- Embezzling as detailed in the report for causing the Local to pay expenses he incurred without a union purpose.

- Violating the Consent Order and the IBT Constitution by committing an act of racketeering under 18 U.S.C. §1961(1), bank fraud in violation of 18 U.S.C. §1344. He submitted and caused to be submitted with his co-schemers false documents to Bank Mutual. For example, he caused Bank Mutual to be informed that the Local's membership had increased by over 9,000 in 2007, when it had not. This increase would have meant a significant increase in cash flow alleviating the bank's concern over the Local's ability to service its debt.
- Breaching his fiduciary duties to the members by failing to properly protect and monitor the over \$3,000,000 he caused the Local to borrow.
- Violating the Bylaws and with entering into a sham collective bargaining agreement.

**Mr. Slawson, Jr.**

It is recommended that Bradley D. Slawson, Jr. be charged with:

- Embezzling \$72,700 from the Local by taking for himself money without authority and union purpose from a Bar and Gaming operation.
- Embezzlement for causing the Local to pay expenses for which there was no union purpose.
- Violating the Consent Order and the IBT Constitution by committing an act of racketeering as defined in 18 U.S.C. §1961(1), to wit, bank fraud in violation of 18 U.S.C. 1344. He did this scheming with his co-schemers to submit false documents in connection with a loan that Bank Mutual extended to the Local 120 Building Holding Company.
- Breaching his fiduciary duties to the members by not properly monitoring and protecting the Local assets with the proceeds of the loan, the Local strike funds and over \$200,000 in sporting tickets which was purchased by the Local.
- Failing to cooperate with the IRB in violation of Consent Order and the IBT Constitution. As detailed in the report, he intentionally gave misleading testimony during his IRB sworn examination.
- Violating his oath to obey the Bylaws and for Bylaw violations detailed in the report.

**Mr. Chester**

Mr. Chester was charged with embezzling assets of the Local while a member. As manager of the Bar owned by the Local in 2010 and 2011, he took inventory from the Bar for a non-union purpose.

**Response from IBT General**

On January 14, 2013 IBT issued a notice of hearing scheduled for February 28, 2013. The hearing was held as planned and by

letter dated April 1, 2013 Mr. Hoffa reviewed the panel's findings and recommendations and adopted them as his own.

The following penalties were recommended by the Panel.

**Slawson Sr.**

- Permanently barred from holding any office or employment with Local 120, the IBT or any affiliate of the IBT, including benefit funds, and including any employment as a contractor or consultant, effective immediately.
- Effective immediately, he should be barred from holding membership in Local 120, or any other IBT affiliate, for a period of 10 years, and should be barred from any knowing association with members of the IBT until such time as he shall regain his membership in good standing.
- Fined \$159,065.97, the amount he permitted Stone to divert to his friend (\$90,000), Chester, plus the amount of improper stipends he took from the Fargo bar (\$68,100) and the amount of the three inappropriate credit card charges described in the report as totaling (\$965.97).
- In addition to the 10 year bar from holding membership, he should not be eligible to reinstate his membership or to end his associational bar until such time as his fine is paid in full.
- Effective immediately, neither Local 120, the IBT nor any entities affiliated with IBT shall pay him, nor shall he accept, any salaries, gratuities, gifts, severance payments, allowances, consulting or other fees, benefit payments or contributions or other compensation of any kind, directly or indirectly, except that he may receive full vested or accrued pension, vacation or other benefits he has already earned under existing benefit plans or programs maintained or sponsored by Local 120, the IBT or any affiliates of the IBT, as well as health benefits in accordance with COBRA, provided he is eligible for them under the health plan under which he was covered prior to his removal from office.

**Slawson Jr.**

Slawson Jr. was subject to similar penalties as Slawson, Sr. except that his fine should be:

- \$73,007.17, the amount of improper stipends he took from the Fargo bar (\$72,700) plus the amount of three inappropriate credit card charges (\$377.17).

**Chester**

Chester was subject to similar penalties as Slawson Sr. and Slawson Jr. except that his fine should be:

- \$235,761, by which the Fargo bar revenue's were short of the liquor used during the period he was a member and a consultant to the bar.

The IRB will consider these recommendations and determine their adequacy.

On May 7, 2013 an objection to the IBT decision was submitted to the IRB by the attorney for Bradley D. Slawson Sr., and Bradley A. Slawson, Jr., with a request that this case be remanded to the IBT or that the IRB schedule a de novo hearing. This matter is under consideration by the IRB.

**D. JOSEPH DeMATTEO, LOCAL 813, LONG ISLAND CITY, NEW YORK**

On December 19, 2012 the Independent Review Board forwarded a report concerning Local 813 member Joseph DeMatteo to the Executive Board of Local 813 in Long Island City, New York. This report recommends that a charge be filed against Mr. DeMatteo for failing to cooperate with the IRB by asserting his Fifth Amendment privilege against self-incrimination and failing to appear for his scheduled sworn examination on November 1, 2012.

As discussed in the report, the Chief Investigator's Office intended to question Mr. DeMatteo about matters including, but not limited to, his local 813 membership and whether he had any contact with organized crime members. The Chief Investigator also planned to question Mr. DeMatteo about the criminal complaint recently filed against him for grand larceny.

It is recommended that Mr. DeMatteo be charged as follows:

While a member of Local 813 and the IBT, you brought reproach upon the IBT in violation of the IBT Constitution and obstructed, interfered and unreasonably failed to cooperate with the duties of the IRB as set forth in the Consent Order.

After receiving notice from the IRB that your sworn statement was scheduled for November 1, 2012, you willfully and without justification failed to appear for your scheduled in-person sworn examination pursuant to the "Rules and Procedures for Operation of the Independent Review Board for the International Brotherhood of Teamsters."

On January 16, 2013 the IRB was informed that the Local 120 Executive Board served Mr. DeMatteo with a notice of hearing scheduled to be held on February 22, 2013.

The IRB was informed by Local 813 that the hearing took place on February 22, 2013 and that DeMatteo failed to appear. The Trial Board, among other things, permanently expelled DeMatteo from membership in Local 813 and permanently barred him from participating in any manner in any of the affairs of Local 813 or any other IBT entity.

On April 18, 2013 the IRB sent a letter to the Executive Board of Local 813 that their determination was not inadequate.

**IV. TOLL-FREE HOTLINE**

Since our last report to you, the hotline has received approximately 90 calls reporting alleged improprieties. As in the past, all calls appearing to fall within IRB jurisdiction were referred for investigation.

Activities which should be reported for investigation include, but are not limited to, association with organized crime,

corruption, racketeering, embezzlement, extortion, assault, or failure to investigate any of these.

To assure that all calls are treated confidentially, the system recording hotline calls is located in a cipher-locked IRB room on a dedicated line and accessed only by an IRB staff member. The recorded information, if complete and within IRB jurisdiction, is forwarded directly to the Investigations Office in New York City. Please continue to use the toll-free hotline to report improprieties which fall within IRB jurisdiction by calling 1-800-CALL-IRB(800-225-5472). If you are calling from within Washington, DC, dial 202-434-8085.

## **V. CONCLUSION**

As always, our task is to ensure that the goals of the Consent Order are fulfilled. In doing so, it is our desire to keep the IBT membership fully informed about our activities through these reports and also through use of the website at [www.irbcases.org](http://www.irbcases.org).

If you have any information concerning allegations of wrongdoing or corruption, you may call the toll-free hotline number noted above, use the IRB facsimile number 202-434-8084, or write to either the IRB Chief Investigator or the IRB office:

Charles M. Carberry, Chief Investigator  
17 Battery Place, Suite 331  
New York, NY 10004

Independent Review Board  
444 North Capitol Street, N.W.  
Suite 528  
Washington, DC 20001



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