

TRUSTEESHIP CHARGES AGAINST LOCAL 542 AND ITS OFFICERS

To: John Plowman, Local President
Frank Pascale, Local First Vice President
Chris Ruhberg, Local Second Vice President
Rick Lacoume, Local Financial Secretary
Mike O'Connor, Local Recording Secretary
Greg Baker, Local Ex. Bd. Member at Large
Patty Boros, Local Ex. Bd. Member at Large
Jason Vycital, Local Ex. Bd. Member at Large

From: International President Harry Lombardo

Pursuant to Article V, Sections 4 to 6 of the TWU Constitution, and the July 2, 2014 Resolution of the International Administrative Committee, approved by the International Executive Committee, under Article XVIII, Section 3 of the TWU Constitution, I hereby (1) provide notice of immediate appointment of an Administrator of TWU Local 542 and resulting and related suspension of officers of TWU Local 542 and the Local Executive Board members pending a decision of the International Executive Council after a hearing under the aforementioned sections of the Constitution, and (2) institute resulting proceedings against all officers and other Local Executive Board members of TWU Local 542 for failing to comply with the TWU Constitution and policies, conducting themselves and the affairs of the Local in a manner detrimental to the interests of TWU and/or the Local and their members, and engaging in conduct unbecoming a member by engaging in the actions set forth in the charges below.

CHARGES

1. Local 542, its officers, and other Local Executive Board members of TWU Local 542 have engaged in and are continuing to engage in financial malpractice through various conduct listed below in Paragraphs 2 to 6 (and their subparagraphs). This conduct -- taken since at least June 2014, continuing through the present time, and threatening to continue in the future -- violates Article VIII, Section 9; Article 14, Sections 3 and 14; Article XVI, Section 5; Article XVI, Section 4; and, Article XIX, Sections 5(a), 5(h) and 5(n) of the TWU Constitution. *See also* TWU Policy Regarding Expenses; LMRDA 29 U.S.C. § 501, for paragraphs 2 to 4 (and subparagraphs) below and 29 U.S.C. 503(a), for paragraph 3 (and subparagraphs), below. These charges are based in part on an initial TWU review of Local documents and initial investigation.

2. At its June 9, 2014 meeting, the Local 542 Executive Board (on motion of Pascale and seconded by Boros) approved providing each dispatcher within Local 542 with a \$500.00 American Express pre-paid gift card which could be used to purchase any item at a participating retailer. With related charges for the card (including handling) this resulted in a Local expense of \$312,464.95.

a. There was no limit on how the gift card could be used, as the Local Financial Secretary acknowledged. The Local Financial Secretary also stated that, although the Executive Board in its May meeting discussed that the amounts distributed to dispatchers

could be used by them to purchase communication devices (iPads was specifically referenced) to better Local communication with the dispatchers, there have been no written or oral communications to the dispatchers indicating for what the money should be used. In addition, there is no basis for concluding that the Local was unable to communicate appropriately with members or that the purchase of an iPad (a costly device) would somehow markedly enhance communications.

b. The Local Executive Board approved this excessively large expenditure even though (i) \$312,464 represents over one-half (1/2) of the Local 542 treasury, (ii) the Local has annual expenses of approximately \$400,000 and the \$312,464 leaves the Local currently with a considerably tighter finances for meeting its ongoing expenses, (iii) the Local should be safeguarding its resources so that they can effectively confront the ongoing raid by the National Association of Airline Professionals (NAAP) which is seeking to displace TWU as the bargaining representative for the American Airlines dispatchers – the largest group of dispatchers in Local 542.

c. Local President Plowman signed the pre-paid gift card order form and Local Financial Secretary Lacome signed the document authorizing the transfer of the Local money from the Local's credit union account to American Express to pay for the cards.

d. The gift cards were first distributed to dispatchers at American and Horizon, and were then distributed to other Local dispatchers.

e. The Local's monthly report for June 2014 to the International Secretary-Treasurer failed to identify the \$312,464 expenditure or its purpose, but instead merely showed that the Local's assets were over \$300,000 less than the balance listed in the Local's May report.

f. This conduct in paragraph 2 (and its subparagraphs) violates of Article VIII, Section 9; Article 14, Sections 3 and 14; Article XVI, Section 5; Article XVI, Section 4; and, Article XIX, Sections 5(a), 5(h) and 5(n) of the TWU Constitution.

3. At its June 9, 2014 meeting the Local Executive Board (on motion of Local President Plowman) approved providing Section Chairs a total of approximately \$21,000.00 to cover possible future Section Chair expenses – meaning that these amounts were approved to be provided to Section Chairs even though no documents of expenses from these Section Chairs for these amounts have been provided.

a. Three checks totaling almost \$16,000.00 were first sent by the Local to three Section Chairs, pursuant to this Local Executive Board determination. Three additional checks totaling almost \$5,000.00 were then sent to three other Section Chairs.

b. This conduct in paragraph 3. and 3.a. violates of Article VIII, Section 9; Article 14, Sections 3 and 14; Article XVI, Section 5; Article XVI, Section 4; and, Article XIX, Sections 5(a), 5(h) and 5(n) of the TWU Constitution and TWU Policy Regarding

Expenses.

4. At its June 9, 2014 meeting the Local Executive Board approved retaining the law firm of Seham, Seham, Meltz and Peterson, LLP – a firm that represents AMFA, a union that has over the years and currently is seeking to displace TWU as the bargaining representative for the American mechanics. On that same day, the Local President and Financial Secretary signed a retainer agreement with the Seham firm providing among other things for a \$20,000 retainer payment against future hourly billings. A check for \$20,000 was thereafter sent to the Seham firm.

a. At its July 7, 2014 meeting, the Local 542 Executive Board (on motion of Pascale and seconded by Boros) approved paying an additional \$30,000 to the Seham firm – which has been provided – even though (during the TWU investigation) no documentation could be provided showing that this additional \$30,000 payment was justified – the Local office employee was unaware of any Seham bills or any other documentation supporting this payment and stated that the check was sent at Local President Plowman’s “request.” When asked if there was any such documentation to support the \$30,000 payment, Local Financial Secretary Lacoume merely stated that the \$30,000 payment was authorized by the Local Executive Board. The \$50,000 paid to the Seham firm is more than twice the amount the Local paid for legal services in the prior year, and there is no indication as to why there is such a large increase in Local attorney expenses.

b. This improper payment and improper creation of a Local fund distinct from regular Local treasury funds (described in paragraph 4. and 4.a.) violates Article VIII, Section 9; Article 14, Sections 3 and 14; Article XVI, Section 5; Article XVI, Section 4; and, Article XIX, Sections 5(a), 5(h) and 5(n) of the TWU Constitution.

5. Unless halted immediately, further improper disbursements from the Local treasury will occur or are threatened to occur. The improper payments described in paragraphs 2 to 4 above demonstrate a chain of recent wrongdoing that are designed to quickly drain the Local treasury of funds. This significant risk of ongoing risk members’ dues money cannot be countenanced.

6. The raid by NAAP at American obviously represents an attack on TWU.

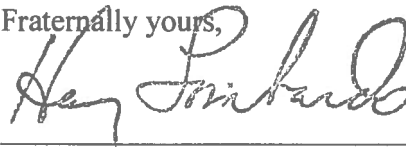
a. Local 545 TWU which represents the U.S. Airways dispatchers certainly recognizes this; the Local 545 Executive Board signed a “solidarity letter” of allegiance to TWU and a commitment to battle against NAAP. But when Local 545 sent this solidarity letter to the Local 542 Executive Board and asked them to also sign it, the Local 542 Executive Board in its July meeting failed to take a position against the NAAP raid and postponed any decision on this until late August – thereby failing to commit themselves to TWU and against this raid.

b. By providing funds to American dispatchers and Section Chairs (*see* paragraphs 2. and 3. above), the Local 542 leadership (the officers and other Executive Board

members) are seeking to build political support for themselves by using Local money.

c. This conduct in paragraph 6 (and its subparagraphs a. and b.) violates of Article VIII, Section 9; Article 14, Sections 3 and 14; Article XVI, Section 5; Article XVI, Section 4; Article XIX, Sections 5(a), 5(h) and 5(n) of the TWU Constitution, and the Oath of Office in the TWU Constitution for International and Local Officers.

Fraternally yours,

A handwritten signature in cursive script, appearing to read "Harry Lombardo".

Harry Lombardo
International President