Foundation Action

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Union President to Return Insider Trading Profits

Foundation-instigated legal and media pressure is apparent cause

WASHINGTON, D.C. — Acting in response to legal pressure as well as embarrassing media coverage, Doug McCarron, President of the Carpenters' and Joiners of America union, announced he will return nearly $300,000 in personal profits made through a notorious insider trading deal while serving as a director of a massive union-run insurance company, increasingly known as "Big Labor's Enron."

While abusing his position on the $6 billion Union Labor Life Insurance Company (ULLICO) board to line his own pockets, McCarron also gave himself a $110,000 raise from the Carpenters union, increasing his annual compensation to $356,000 in 2001, according to government disclosure documents obtained by the National Right to Work Foundation.

Boss McCarron lives high on the hog

"The ULLICO scandal is another example of the arrogance and corruption that result from the numerous special privileges conferred upon union officials by federal law," said Reed Larson, President of the Foundation. "Those who illegally profited at the expense of workers' pensions should be prosecuted to the fullest extent of the law."

Despite McCarron's publicity stunt to pay back the profits in an attempt to clean his hands, the federal grand jury inquiry as well as the Foundation's case at the National Labor Relations Board continue. These inquiries will determine whether McCarron and other union officials who comprise the ULLICO board of directors violated the law.

In April, it came to light that ULLICO directors instituted special rules to allow themselves to sell their personal portfolios of ULLICO stock at an inflated price, while at the same time

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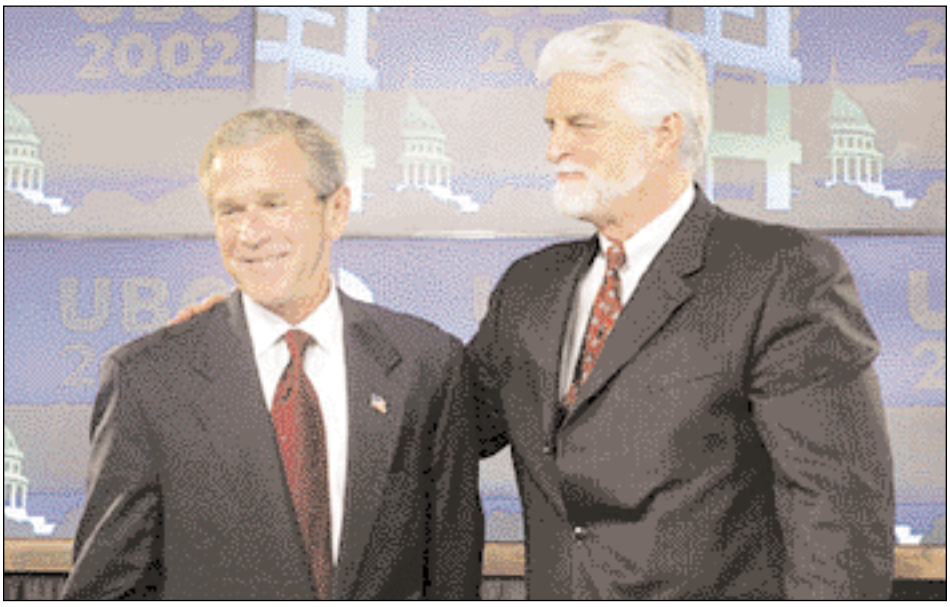

The Bush administration has been dangerously cozy with tainted Carpenters union president Doug McCarron (right); however, the union's vicious attacks on Republicans during the 2002 elections may have been a wake-up call for White House strategists.

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Court Upholds Worker's Suit For Vicious Strike Beating

Violence victim battles on despite unions' immunities from prosecution

AP Wide World Photo

Union lackey Governor Gray Davis (D-CA) signed a law that has greatly increased the difficulty of winning civil damages for union violence.

LOS ANGELES, Calif. — Persuaded by arguments presented by National Right to Work Foundation attorneys, the Los Angeles County Superior Court rejected an attempt by union lawyers to block a worker's civil suit that was filed after a vicious union beating following a 2001 strike at Hollander Home Fashions.

Issuing its ruling in late September, the court ruled against lawyers for the Union of Needletrades, Industrial and Textile Employees (UNITE) motion to dismiss Matthew Kahn's suit. This will allow the victim's claims of civil conspiracy, assault and battery, and intentional infliction of emotional distress to proceed without delay.

The court also declined to limit Kahn's ability to collect civil damages resulting from the union assault and will allow full discovery into the union's role in the beating.

Union organizer executed savage beating

"This ruling is a small first step toward forcing UNITE to account for its role in this cowardly assault on an innocent man," said Stefan Gleason, Vice President of the Foundation. "However, because of the numerous special exemptions for union violence enshrined in federal and state criminal and civil laws, Matthew Kahn still faces an uphill battle."

With the help of Foundation staff attorneys, Matthew Kahn, an employee of Labor Ready, filed suit against UNITE for damages incurred in May 2001. In what appeared to be a premeditated attack, UNITE Organizing Director Ramiro Hernandez and several other union militants beat Kahn in a Labor Ready parking lot, leaving him with several head lacerations and a concussion.

According to the complaint, the union bailed Hernandez out of jail after the assault and continued to employ him. Later investigation showed that Hernandez possesses an extensive arrest record for union-related misconduct.

Kahn's mistreatment began in March 2001, when UNITE Local 482 called a strike against Hollander Home Fashions. Over the next two months, Hernandez continually harassed Kahn, a branch manager for Labor Ready's office in Commerce, California. Kahn was responsible for providing replacement workers during the strike.

UNITE and its local affiliates were undoubtedly aware that Hernandez had numerous prior arrests for strike-related violence, and they have provided financial support to help Hernandez escape any punishment for his violent actions.

"Having encouraged and supported Hernandez and his goons, the top brass of UNITE should be held directly responsible for the bloodshed," stated Gleason.

Union officials use violence as bargaining tool

In *United States v. Enmons* (1973), the U.S. Supreme Court held that strike-related violence cannot be prosecuted under the federal Hobbs Act, which was intended to criminalize the obstruction of interstate commerce through violence, threat, or coercion. (See article, page 4.)

Following suit, numerous states have enacted similar special exemptions for enforcement of criminal laws during strikes. In 1999, for example, Governor Gray Davis (D-CA) signed a bill limiting civil liability for unions and union officers who commit acts of violence in California. This law may ultimately be a hurdle in winning a substantial monetary judgment against UNITE for its role in the bloody attack on Kahn.

Foundation *Action*

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Teamsters Union Charged With Using Corrupt Audit Firm

Congressman urges NLRB to scrutinize audits prepared by firm embroiled in fraud

In a joint news conference held on the steps of the Teamsters union's national headquarters in Washington, Congressman Charlie Norwood (R-GA) joined the Foundation in demanding accountability for unions' use of the corrupt Thomas Havey, LLP accounting firm.

WASHINGTON, D.C. — The illegal conduct of top partners at the nation's largest union accounting firm has led to the filing of federal charges with the National Labor Relations Board (NLRB) against the International Brotherhood of Teamsters.

The Teamsters union has hired Thomas Havey, LLP, a firm embroiled in federal prosecution for admittedly fraudulent accounting practices, to justify the union's forced union dues demands nationwide. The charges, filed with the help of National Right to Work Foundation attorneys, followed multiple guilty pleas to federal criminal charges by top Havey partners stemming from a salacious Ironworkers union scandal that has achieved national notoriety.

The Havey firm "specializes" in union audits and works for more than 700 unions nationwide.

"Since top Thomas Havey partners have admitted to felonies, how can any audit conducted by the firm be taken seriously?" asked Stefan Gleason, Vice President of the Foundation.

Press conference outlines accounting abuses, demands reform

In a joint press conference held in front of the Teamsters' Washington, D.C. headquarters with Congressman Charlie Norwood (R-GA), nursing home aide Mark Simpson outlined his grievances against the union hierarchy.

"I am forced to turn over $200 a year to a union whose agenda I abhor," stated Simpson who took a day off from his job at Shenango Presbyterian Seniorcare in the Pittsburgh, Pennsylvania area to fly to Washington for the press conference. "I have paid under protest, but – to add insult to injury – I haven't been given a reliable audit of how the Teamsters spend my money."

During his ongoing three-year legal "tug of war" with the Teamsters hierarchy, Simpson has now filed four separate charges against the recalcitrant union, with one having been settled, and another currently under appeal.

Meanwhile, Congressman Norwood, who serves as chairman of the Workforce Protections subcommittee in the U.S. House of Representatives, sent a stern letter to Arthur Rosenfeld, General Counsel of the NLRB. Congressman Norwood argued that Havey audits cannot be relied upon nor considered independent, in light of "clear evidence that the Havey firm has engaged in fraudulent and criminal activity in auditing union books and records."

Norwood asked Rosenfeld, a Bush nominee, whether he would be instructing NLRB offices across America to carefully scrutinize Havey audits that workers are provided as justification for union expenditures from forced union dues.

However, Rosenfeld essentially slapped Congressman Norwood in the face by giving a highly bureaucratic response that failed to answer the congressman's questions. Rosenfeld's stone-walling has further antagonized members of Congress and Right to Work activists because – since he assumed the role as chief government enforcer of the National Labor Relations Act last year – he has also refused to issue complaints in numerous cases attempting to protect

Recent actions by NLRB General Counsel Arthur Rosenfeld have antagonized members of Congress and Right to Work activists.

see **TEAMSTERS**, *page 8*

Supreme Court Urged to Close Union Violence Loophole

Foundation attorneys argue for federal prosecution of union violence

Truck driver James McCain's face was bashed in by a cinderblock during a Teamsters national organizing campaign against non-union employees of Overnite Transportation.

WASHINGTON, D.C. — National Right to Work Foundation attorneys have entered a high-profile U.S. Supreme Court battle, urging the nation's highest court to close the gaping loophole in a federal anti-extortion law that arbitrarily exempts most union violence from prosecution.

Although the pending case, *Scheidler v. NOW*, involves issues unrelated to unions, the court will address the application of the 1948 Hobbs Anti-extortion Act. In 1973, the Supreme Court in *United States v. Enmons* decided to exempt from prosecution violent acts that are committed in the pursuit of "legitimate union objectives."

The *Enmons* decision granted union militants virtual immunity from federal prosecution for violence and extortion taking place in the collective bargaining context. Meanwhile, numerous state laws have established similar immunities. Taken together, the laws and court rulings have essentially given a green light to union officials and their minions to assault non-striking workers and destroy private property without fear of prosecution.

"In *Scheidler*, the Supreme Court can correct one of its greatest mistakes," said Ray LaJeunesse, Vice President and Legal Director of the Foundation. "Union militants should not be allowed to use violence as a collective bargaining tool."

Union violence a national epidemic

The National Institute for Labor Relations Research has tracked over 10,000 acts of union violence reported in the news media during the past 30 years, including 181 deaths. These disturbing statistics explain the hesitancy of many employees to defy union strike demands to walk off the job, despite their deep disagreement with the union hierarchy's bargaining tactics or goals.

In fact, a 1998 poll of union members conducted by the Florida Survey Research Center at the University of Florida found that one out of four unionized employees fear that they personally would be a victim of union violence if they worked during a strike.

Taking neither side in the underlying case before the court, the *amicus curiae* (friend-of-the-court) brief filed by Foundation attorneys urges the Supreme Court to reexamine its tortured interpretation of the Hobbs Act in the context of union violence. Despite the *Enmons* ruling lower courts have applied the federal statute to cover all obstruction of interstate commerce by extortion cases, where union officials are not the defendants, regardless of the "legitimacy" of the extortion's objective. Foundation attorneys point out in their arguments that only when union violence is at issue is *Enmon*'s special exemption applied, and either all perpetrators of violence and extortion for "legitimate goals" should be prosecutable under the Hobbs Act – or none at all.

"For decades, union militants have used intimidation, threats, and violence to hold working families hostage to union demands," said Reed Larson, President of the Foundation. "The Supreme Court should take this opportunity to help change that."

The Supreme Court has scheduled oral arguments in *Scheidler* for early December, and a decision is expected next Spring.

Free Newsletter

If you know others who would appreciate receiving Foundation *Action*, please provide us with their names and addresses. They'll begin receiving issues within weeks.

The Foundation's vice president debated a union president regarding the Senate Democrats' attempts to increase forced unionism in the proposed Department of Homeland Security.

Delta Pilots Reclaim $672,000 in Illegally Seized Dues

Union bosses must return dues for politics, improve accounting

WASHINGTON, D.C. — Settling two nationwide class-action lawsuits brought by attorneys from the National Right to Work Legal Defense Foundation, the Airline Pilots Association (ALPA) union must return $672,000 in dues, plus interest, to 330 non-union airline employees.

The settlement brings to close a long-running case that reached the United States Supreme Court in 1998. In addition to returning forced union fees spent for activities unrelated to collective bargaining, including union politics, public relations, and organizing, ALPA officials must now improve their accounting procedures used to determine how much non-union employees are forced to pay as a condition of employment.

"This victory is a small step forward in protecting employees in the airline industry from union shakedowns," said Ray LaJeunesse, Vice President and Legal Director of the Foundation. "Unfortunately, federal labor law has given airline unions a virtual stranglehold over the industry, to the detriment of both employees and consumers."

Foundation-won precedents pave way for settlement

The illegally confiscated dues are being returned as a part of two settlements in *Miller v. ALPA* and *Shackelford v. ALPA*. Foundation attorneys won the *Miller* case at the U.S. Supreme Court with a 7-2 ruling that non-union workers cannot be forced into internal union kangaroo courts before taking their constitutional claims into federal court.

Before the ruling, union officials often forced employees with grievances to exhaust a lengthy internal 'arbitration' process before protesting fee demands in federal court. This tactic was designed to harass employees into giving up and letting union officials continue to violate their rights.

"The Supreme Court's ruling banned one of the numerous hurdles employees faced when they choose not to fund union ideological activity," said LaJeunesse.

Appeals process ends in pilots' favor

The Delta pilots originally challenged the ALPA union's infringement on the legal limits on collecting com-

see **AIRLINE INDUSTRY**, *page 7*

Tainted Carpenters president scurries for cover

continued from cover

preventing larger shareholders, including union pension funds set up for the benefit of workers, from selling all their larger holdings. Under the special rules, McCarron sold 3,000 shares at a profit of $92 a share.

White House's union concession strategy backfires

Speculation continues as to whether White House aides, who have bent over backwards to curry favor with the tainted Carpenters president, are urging Department of Justice attorneys or the NLRB General Counsel to avoid prosecution.

Such actions would be in accordance with the White House's union concession strategy where numerous policy sops have been granted to the Teamsters and Carpenters hierarchies, much to the chagrin of the President's Right to Work and small business base, as well as swing voters that oppose forced unionism.

These White House concessions – on issues ranging from NLRB nominations to imposition of discriminatory union-only project labor agreements and the filing of arguments at the U.S. Supreme Court opposing enforcement of the *Beck* decision – are having the effect of increasing compulsory unionism power exercised by union officials over rank-and-file workers.

Meanwhile, showing extreme ingratitude, the two unions nevertheless spent millions of forced dues dollars to defeat Republicans in closely contested House and Senate races this fall.

"White House aides should not be cozying up to union officials like Doug McCarron who are knee-deep in allegations of corruption," said Larson.

National Right to Work Beats Back Union Legal Assault

Union hierarchy attempted to silence the Foundation

ANCHORAGE, Alaska — In a stinging rebuke of a union attempt to infringe on the National Right to Work Foundation's freedom of speech, the Superior Court for the State of Alaska's Third Judicial District has tossed out a harassing lawsuit filed against the Foundation for publicly exposing a union's shakedown tactics.

Reeling from embarrassing television and newspaper coverage spurred by the Foundation's public information department, the well-known union boss Mano Frey, president of the Alaska AFL-CIO and business manager for Laborers International Union of North America (LIUNA) Local 341, had his lawyers hit the Foundation last year with allegations of defamation and "injurious falsehood." In particular, union lawyers focused on an article published in Foundation *Action*, claiming the article contained knowingly false statements that were maliciously intended to hurt the union.

"This suit was simply an attempt to divert the Foundation's resources from its successful strategic litigation program that is increasingly cutting into union coercive power," said Stefan Gleason, Vice President of the Foundation.

After informing Foundation supporters about the lawsuit, Foundation president Reed Larson received an outpouring of support from thousands of Right to Work activists, and he authorized the spending of all resources necessary to beat back the union's trumped-up suit. Despite the high costs of mounting a defense, Right to Work supporters knew that the Foundation's national effort to expose and punish union corruption could be hampered by settling the lawsuit and giving Big Labor even a partial victory.

Newsletter merely exposed union abuse

After more than a year of legal wrangling, the case went to trial, where Judge Sen K. Tan heard testimony and arguments from both sides and ruled on the spot against the union. In his written ruling issued this fall, Judge Tan emphasized the high credibility of Foundation attorney Glenn Taubman, who had testified at trial. Tan wrote that "his experience, knowledge, and competence with respect to the substantive and procedural law governing the rights of employees in the areas at issue in this case were evident," and then further complimented Taubman's "demeanor, forthrightness, experience, and credentials."

After the Foundation exposed his tactics in the news media, Mano Frey, Alaska's top union boss, embarrassingly failed in his attempt to retaliate.

In the original article at issue, Foundation *Action* detailed Frey's threats against employees of Alaska Regional Hospital, where he ordered them to fork over full union dues or lose their jobs.

The article went on to describe how, with the help of Foundation attorneys, Charles Krimm had stood his ground against the union's threats. The piece also reported on the significant media coverage the case had attracted and the important role that the Foundation's public information program plays in fighting forced unionism.

Victory strengthens the Foundation's resolve

"Make no mistake about it, union bosses want to muzzle the Foundation and deter us from exposing union abuse," said Gleason. "This victory again points up why you should never back down when faced with union attacks."

Support your Foundation through Planned Giving

Planned Giving is a great way to support your National Right to Work Foundation. Some of the ways you can help the Foundation are:

- ✔ Remembering the Foundation in your Will
- ✔ Gifts of Stocks/Bonds
- ✔ Charitable Trusts
- ✔ Gifts of Appreciated Real Estate

For more information on the many ways you can ensure that your support of the Foundation continues, call the Foundation at (800)336-3600 or (703) 321-8510. Please ask to speak with Alicia Auerswald.

Settlement May End Annual Interrogation of Religious Teachers

Foundation victory removes one union hurdle for religious teachers

WASHINGTON, D.C. — In response to religious discrimination charges brought by Foundation attorneys, the Equal Employment Opportunity Commission (EEOC) ordered the National Education Association (NEA) teacher union to stop subjecting teachers annually to a burdensome and invasive process before respecting their religious objections to union affiliation.

The EEOC had announced earlier this year that the union policy violates federal law.

"For years the NEA union has used this particular illegal scheme to intimidate and harass teachers of faith who dare to challenge their radical agenda," said Stefan Gleason, Vice President of the Foundation. "The EEOC's finding of a violation further underscores that the nation's largest teacher union has systematically persecuted people of faith."

Union forces teachers to support radical agenda

The EEOC agreed with Foundation attorneys' arguments that the nationwide union policy unlawfully places an undue burden on teachers, and that teachers need only file a one-time objection to paying forced union dues.

Foundation attorneys assisted Dennis Robey, an industrial arts teacher from Huber Heights, Ohio in filing charges.

Schoolteacher Dennis Robey was true to his convictions and challenged the nation's largest teacher union.

As a Christian, Robey objected to having his dues confiscated to support the NEA's radical agenda. In particular, Robey felt that the teacher union's political platform promoted abortion and homosexuality, and that he could not help finance such policies with his dues in good conscience.

"No one should be forced to give money for an agenda they don't believe in," said Dan Cronin, the Foundation's Director of Legal Information. "That's like requiring (Rep.) Barney Frank to give money to the Traditional Values Coalition."

Teacher forced to obtain pastor's approval

Robey began to make his religious objections known in 1995. During the 1999-2000 school year, NEA union officials rebuffed his longstanding objection and demanded that every year he must describe, in detail, his deeply held religious views, fill out a lengthy and invasive form, and file it with the union. On the form, union officials asked probing personal questions about his relationship with God, his "religious affiliation," and required him to obtain a signature from a "religious official" attesting to the validity of his beliefs.

Under Title VII of the Civil Rights Act of 1964, union officials must attempt to accommodate an employee's sincerely held religious beliefs if they conflict with financially supporting a union. To accommodate the conflict between an employee's faith and a requirement to pay fees to a union he believes to be immoral, the law allows employees instead to divert that money to a mutually agreed upon charity.

"Unfortunately, this is not an isolated incident," said Gleason. "As long as NEA union officials retain their government-granted special privileges, they will continue to go to great lengths to keep money flowing into their coffers."

Airline industry employees denied Right to Work

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pulsory dues, and to force it to comply with the procedural requirements outlined in the Foundation-won case *Chicago Teachers v. Hudson*.

After the U.S. District Court ruled in the union's favor, Foundation attorneys agreed to represent the pilots and persuaded the U.S. Court of Appeals for the District of Columbia to reverse the district court decision, ruling that costs of lobbying government agencies cannot be charged to dissenting employees and that those nonmembers may also challenge the veracity of the union's financial audit.

When the union lost its appeal at the U.S. Supreme Court in 1998, its officials further stonewalled the pilots by refusing to allow any challenge to fees collected after the end of that calendar year. That's why Foundation attorneys filed the accompanying *Shackelford* case, and when the U.S. District Court ordered the union to turn over related financial documents, settlement negotiations began.

Though many of the airline workers represented by Foundation attorneys live in states with Right to Work laws, they are not protected from compulsory unionism. While 22 states have passed Right to Work laws, airline workers nationwide are governed under the Railway Labor Act (RLA), which preempts state Right to Work laws.

Teamsters

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employees' limited right to refrain from union activities.

Forced dues spent on golf, booze, and floozies

In August, Thomas Havey partner Frank Massey pleaded guilty to federal criminal charges of "aiding a conspiracy to defraud the United States" by helping union officials hide on LM-2 government disclosure forms how they spent more than $1.5 million in union dues.

Havey accountants listed union officers' expenses for golfing trips, expensive dining at The Prime Rib and other Washington area restaurants, alcohol, and – according to insiders – even female escorts in accounting categories for "Office and Administrative" or "Education and Publicity."

Suit has national implications

Learning of the fraud at the Havey firm, Simpson sought the help of Foundation attorneys in filing unfair labor practice charges with the NLRB. Until Teamsters union officials give objecting employees like Simpson a credible independent audit, it is impossible for them to determine if they are unlawfully being charged for activities unrelated to collective bargaining, including union politics.

With Thomas Havey auditing the books of hundreds of unions throughout the country, and with 7.8 million American workers laboring under compulsory unionism, millions more workers may benefit from Simpson's courageous stand.

Message from Reed Larson

President
National Right to Work
Legal Defense Foundation

Dear Foundation Supporter:

It's one of the oldest rules of politics: Stand by your friends.

Unfortunately, for the past 18 months, White House aides increasingly seemed to be forgetting this wisdom in their vain effort to appease union officials who are enemies of the Bush agenda.

Regrettably, Bush administration strategists have attempted to cozy up to union officials by making core policy concessions to increase their compulsory unionism privileges. This concession strategy not only resulted in policies that reduce freedom and employee rights, but it has done nothing to blunt venomous attacks by union bosses on the Bush administration or the Republicans.

In the 2000 elections, the union hierarchy gave overwhelming support to the far-left Democrats — even though 40 percent of rank-and-file union voters regularly vote for Republican or Independent candidates. The 2002 elections were the same story.

Notwithstanding fervent administration overtures to the scandal-plagued Teamsters and Carpenters unions, those unions and others continued to give unstinting support to Democrats in closely contested races.

In tight Senate and House races, 95 percent of Teamsters' and Carpenters' PAC contributions went to Democrats. Similarly, 93 percent of the forced union dues given by the two unions in the form of soft money went to Democrat Party committees.

When the President draws a line in the sand and stands on principle, he achieves his greatest victories, like he did in refusing to allow more union special privileges in the proposed Homeland Security Department. Hopefully, the union hierarchy's actions during the 2002 elections have served as a wake-up call to administration officials, spurring them now to fight aggressively against compulsory unionism, the very root of Big Labor's government-granted power.

No matter how many concessions they may be given, union officials remain totally committed to returning far-left Democrats to power in 2004 and beyond.

Sincerely,

Reed Larson

Reed Larson