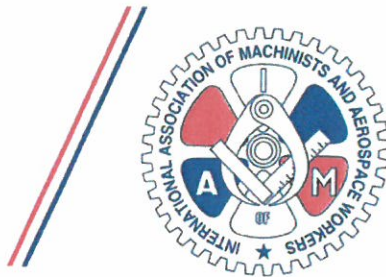


**International  
Association of  
Machinists and  
Aerospace Workers**



9000 Machinists Place  
Upper Marlboro, Maryland 20772-2687

Area Code 301  
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

DL 142

March 17, 2022

Subj: Trusteeship

Mr. Tony Blevins  
Special Assistant to the I.P./Deputy/Trustee  
IAMAW District Lodge 142  
Sent via email to: [tblevins@iamaw.org](mailto:tblevins@iamaw.org)

Dear Sir and Brother:

As you are aware, on February 16, 2022, a special trial committee conducted a hearing pertaining to the Trusteeship of District Lodge 142, of which you are currently serving as Deputy. The sole purpose of the hearing was to determine whether to continue with the Trusteeship. I have received the attached report back from the chairman of the committee, District Lodge 1 Directing Business Representative Anthony Armideo.

Based upon the facts presented to me by the Special Trial Committee, I hereby accept the trial committee's recommendation and declare the Trusteeship of District Lodge 142 shall continue until further notice.

You are to continue with your role and responsibilities as deputy until further notice. I will continue to work with you and attempt to get this District fully operational so they can function on their own and we can lift the Trusteeship and move forward with elections. Appeals, if any, shall be taken to the E.C. in accordance with the requirements of Article VI, Section 9(b).

Please advise the Trusteeship Executive Board and General Chairs as well as the membership of this decision as soon as possible.

With best wishes, I remain

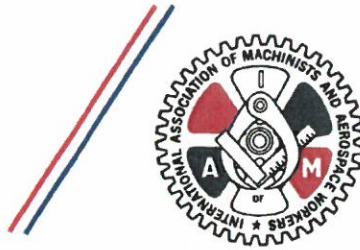
Fraternally yours,

Robert Martinez, Jr.  
INTERNATIONAL PRESIDENT

RM/arb/vr  
Enclosures

Cc: GST Cervantes  
COS Johnsen

**International  
Association of  
Machinists and  
Aerospace Workers**



9000 Machinists Place  
Upper Marlboro, MD 20772-2687

Area Code 301  
967-4500

March 15, 2022

Robert Martinez, Jr.  
International President  
IAM&AW  
9000 Machinists Place  
Upper Marlboro, MD 20772

*Via email, US First Class Mail, and hand delivery*

**Re: DL 142 Trusteeship Report and Recommendation**

Dear Sir and Brother:

In accordance with your assignment, the undersigned members of the Trial Committee present this report and recommendation on whether the trusteeship of District Lodge 142 should be continued. Based on the undisputed evidence presented, and for the reasons discussed below, it is beyond doubt that the best interests of the members and the integrity and welfare of the District Lodge require the continuation of the trusteeship.

**Introduction**

On January 26, 2022, you notified the officers and elected representatives of District Lodge 142 that circumstances existed that required you to commence trusteeship proceedings in accordance with Article VI, section 8 of the IAM Constitution. Your notice specified eight (8) categories of financial malpractice:

1. Improper payment to an officer for claimed expenditures without any substantiating documentation;
2. Creation of an unauthorized and undisclosed account containing approximately \$270,000 without informing the membership, controlling body, or reporting authorities including the Department of Labor, and the failure to properly invest those resources;
3. Improper payment of thousands of dollars per month for unused or unidentified phone equipment and lines;

4. Improper payment of expenditures without proper authorization, including, but not limited to, thousands of dollars in “vacation payouts,” “bonuses” to certain employees, and phones for retirees;
5. Violation of the U.S. Department of Labor and Internal Revenue Service reporting requirements including, but not limited to, failing to report hundreds of thousands of dollars on the DOL LM2 and the IRS Form 990;
6. Failure to pay State Unemployment or Employee withholdings for certain employees located outside of Missouri, which jeopardized their unemployment rights. Similarly, failure to properly report unemployment tax to the IRS on Form 940;
7. Failure to properly document and secure inventory and fixed assets of the Lodge including, but not limited to, in excess of \$3,000 in \$5 gift cards found sitting in a cardboard box in a closet; and
8. Failure to adhere to the IAM’s internal fiduciary controls, including, but not limited to, using a rubber stamp for signatures, not using a Master Voucher, and not reading financial reports at District Lodge meetings.

(Ex. 1).<sup>1</sup>

Accordingly, you appointed Special Assistant Tony Blevins as the temporary trustee of the District Lodge, and you appointed the undersigned as members of a special trial committee charged with conducting a hearing focused exclusively on the issue of whether the trusteeship should be continued or dissolved.

We held the required hearing in Kansas City, Missouri, commencing at 10 a.m. on February 16, and concluding at 4:02 p.m. on the same day. The hearing was conducted in accordance with the procedures specified in the IAM Constitution.

All members of District Lodge 142 were notified of their right to attend the hearing in a January 26, 2022 notice sent to all members and posted on the Lodge’s website. With the exception of two members, no member of DL 142, including its former Executive Board members, spoke in opposition to the trusteeship. Only one member presented any substantive comments or documentary evidence to support its dissolution.

On February 9, 2022, the temporary trustee also sent letters to the former officers of District Lodge 142, Former President and Directing General Chairperson (PDGC) David Supplee and Former Secretary-Treasurer (ST) Ian Scott-Anderman—through certified, signature requested US First Class Mail; UPS overnight air, signature requested; and through emails—inviting them to attend the trusteeship hearing and present witnesses and engage in cross-examination. Neither Supplee nor Scott-Anderman attended the hearing. Nor did they designate representatives to be present and submit evidence for us to consider.

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<sup>1</sup> All Hearing Exhibits cited in this Report will be referred to as (Ex. #). All citations to the Hearing Transcript will be in the following format: (Tr. PAGE#:line-line).

The case in support of the continuation of the trusteeship was presented through testimony and documentary evidence introduced by Brother Tony Blevins, Special Assistant to the International President. Brother Blevins presented one witness—Grand Lodge Auditor Brother Bryan Pinette—and 25 documentary exhibits, some with lettered subparts, in support of the continuation of the trusteeship. (Exs. 1-25).

At the beginning of the hearing, we asked if anyone would like to present the case against the trusteeship for DL 142. (Tr. 9:2-9:11; Tr. 9:7). No one chose to do so. Prior to the close of the hearing, we invited all District Lodge members who wished to make statements regarding the trusteeship to speak (Tr. 134:19-25 and Tr. 135:1-3), and their statements were included in the official record. Brother Joseph Tiberi<sup>2</sup> spoke in opposition to the trusteeship and submitted three documents<sup>3</sup> to accompany his statements. (Exs. D1-D3). Brother Tiberi requested additional time to make a statement and, over the objection of the Trustee, we told him that we would stay to hear his case against the trusteeship (Tr. 145-146) and granted his request. We also granted his request to submit something in writing after the hearing closed (Tr. 136: 2-4; Tr. 139: 16-20), but he did not do so. Brother John Bidoglio was the only other member who questioned whether the trusteeship was appropriate.

Brothers Kenny Champagne, Todd Vandervelde, Joe Shultz and Dan Suafoa; and Sisters Carrie Cassley and April Butler spoke in favor of the trusteeship. Brother Shultz, a former officer who was appointed by the Trustee to serve as Trusteeship Secretary-Treasurer, after noting that he had spent “12 hour[s] a day, seven days a week for the last two weeks seeing what’s there,” (Tr. 167:13028), testified that “[s]eeing what’s been happening...[t]here is culture which has turned into [a] kind of cancer in the District in the way the financial side of it has been... run.” The other members who spoke in favor of the trusteeship echoed the sentiment that, due to the widespread and pervasive financial malfeasance in the DL, continuation of the trusteeship was necessary.

A court reporter was present throughout the hearing, and a complete transcript of the hearing, totaling 184 pages, was prepared and made available to all parties.

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<sup>2</sup> When Brother Tiberi asked who could present a case on behalf of DL 142 in opposition to the trusteeship, (Tr. 8:8-20), we offered him the opportunity to do so but he declined. (Tr. 8:21-9:1). He then gave his comments questioning the propriety of the proceedings and opposing the trusteeship, and indicated that he needed more time than the allotted five minutes to speak (Tr. 135:6-143:23). We again asked whether he would like to present the case on behalf of the DL for dissolution of the trusteeship, but he insisted that he was only speaking as a member. (Tr. 144:7-145:2). We still granted his request for additional time to speak in favor of dissolution of the trusteeship and allowed him to address all of the allegations at issue. (Tr. 146:12-158:14).

<sup>3</sup> The documents presented by Brother Tiberi addressed topics beyond the scope of this proceeding, as he acknowledged (Tr. 156:21-157:11). Brother Blevins objected to the procedural propriety of accepting documentation containing information beyond the scope of the proceedings, particularly given the fact that Brother Blevins was not given the opportunity to cross examine a witness related to the documents. (Tr. 158:23-159:18). Noting the objection, we accepted the documents presented by Brother Tiberi into the record (Tr. 159:19-160:9), and reviewed and considered them insofar as they are relevant to this proceeding.



## **Evidence in Support of the Trusteeship**

We summarize the evidence presented by Brother Blevins in favor of continuation of the trusteeship as follows.

### ***1. Improper payment to an officer for claimed expenditures without any substantiating documentation.***

The audit of DL 142's financial records showed that former ST Scott-Anderman made a \$500 payment to herself on September 7th, 2017, and a \$750 payment to herself on August 22nd, 2019, for a total of \$1,250. None of the payments had any supporting documentation or required signatures. (Tr. 28:8-29:19)(**Ex. 6**, at pdf pp. 3-8, 15-22). Upon investigation, Brother Pinette determined that ST Scott-Anderman had directed the DL's bookkeeper to make EFT (electronic fund transfer) deposits into the ST's personal bank account in the total amount of \$1,250, without Executive Board approval of these payments<sup>4</sup> and, contrary to the mandatory procedures in the Financial Officers Reference Manual, without an itemized memo or receipt(s) explaining where the money was used (only that it was for "tips fees" and "tips and incidentals."). (Tr. 28:8-31:9) (**Ex. 6**, at pdf pp. 3-8, 15, 21-22).

### ***2. Creation of an unauthorized and undisclosed account containing approximately \$270,000 without informing the membership, controlling body, or reporting authorities including the Department of Labor, and the failure to properly invest those resources.***

On August 19, 2020, PDGC Supplee moved \$270,000 from the DL's General Fund into a checking account labeled "Building Corporation/AA Negotiation Fund," without any notice to the Executive Board or members, and without authorization to do so. (Tr. 31:17-33:20; 33:25-34:2) (**Ex. 7**). These funds were not reported on DL 142's LM-2 financial reports filed with the U.S. Department of Labor, nor was the transfer reported in DL 142's Executive Board minutes. Absent this required reporting and documentation, members had no way of knowing of the existence of the funds or the account. (Tr. 46:9-23, 48:15-21). Furthermore, the DL never sent the August 2020 District financial report, which should have reported the transfer of funds, to at least two Local Lodges 1725 and 1976—two Local Lodges that are part of the District Lodge. (Tr. 48:22-49:1).

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<sup>4</sup> Article VIII, Sec. 5 of the DL142 Bylaws, and Sections 3.6 and 3.61 of the Financial Officers Reference Manual, both require Executive Board approval of expenditures. Article VIII, Sec. 5 of DL 142's Bylaws requires the ST to "make an itemized monthly report of all receipts and expenditures of the District," for those reports to be mailed to each Local Lodge on a monthly basis, and to report all bills paid to the District each month. (**Ex. 5** at 14-15). Section 3.6.1 of the Financial Officers Reference Manual provides that "[t]he expenditure of district or local lodge funds must have the prior approval by a vote of the membership." (**Ex. 3** at 3-27). Section 3.6 of the Financial Officers Reference Manual requires "[a]ll bills [to be] submitted for approval by the membership." (**Ex. 3** at 3-19). District Lodges without direct members, such as DL142, approve expenditures through their Executive Board. Multiple references throughout this Report and Recommendation to the lack of Executive Board approval of expenditures demonstrate the repeated violation of both of these documents.

PDGC Supplee sent mails in July and August of 2020 noting that the \$270,000 “really is Grand Lodge money” and “the Grand Lodge portion.” (Ex. 8, at pdf p. 11). The emails stated that the transfer was “per [GVP] Sito [Pantoja]” and that “Sito wants us to hold it for use for guide dogs or other items we have been paying in the past.” (Tr. 40:12-24) (Ex. 8, at pdf p. 5). Upon questioning in January of 2022, prior to the imposition of the trusteeship, ST Scott-Anderman told Brother Pinette that “nobody” authorized the movement of the funds. She did not mention Guide Dogs as the reason for the creation of the account (Tr. 33:21-24, 41:7-10) (Ex. 8, at pdf p. 5), but instead said that the account was for raids and organizing. (Tr. 41:11-16). Contradicting their previous written and verbal acknowledgments that the funds belonged to the Grand Lodge, PDGC Supplee and ST Scott-Anderman later said, without any support, that the funds belonged to DL 142. (Tr. 43:2-7, 44:25-45:4).

The account in question is not an interest-bearing account of the DL, but rather a checking account labeled as a Building Corp. account, an entity established for the operation of the DL’s building that is entirely separate from the DL. (Tr. 31:23-32:4). The money remains in this account as of the hearing date. (Tr. 38:13-25) (Ex. 8, at pdf p. 17).

**3. *Improper payment of thousands of dollars per month for unused or unidentified phone equipment and lines.***

Upon investigation, the audit revealed numerous DL 142 cellular phone bills, many containing over 160 pages (double sided) of charges, for hundreds of phones, tablets, and other electronic devices, many with insurance plans on them. (Tr. 51:1-15) (Exs. 9A-9D). Although the DL had only approximately 18 field staff and a few full-time committee people, the auditors discovered that there were up to 196 *unassigned* devices that the DL was paying for, including the payment of insurance on many of the devices. (Tr: 56:9-58:4, 59:4-61:20) (Exs. 9A-9C).<sup>5</sup>

The Executive Board never authorized the purchase of these devices (Tr. 67:9-14), and the purchase violated DL142 Bylaws. (Tr. 58:15-24, 60:10-13, 61:21-62:1) (Exs. 3 at 3-19; Ex. 3A at pdf p. 109-10; Ex. 5 at 14-15). In reviewing 66 months of bills, the auditors discovered that the DL had paid \$201,149.12 for unused, unauthorized, and unassigned devices, *in addition to* the amounts paid for authorized, assigned devices. (Tr. 62:2-9).

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<sup>5</sup> There were also numerous used devices found unsecured throughout the DL that could have been traded in for credit. (Tr. 69:22-70:6) (Ex. 11B).



*Photograph of the new, unopened, unassigned devices collected from DL 142. (Ex. 11A).*

When questioned about the devices, PDGC Supplee and ST Scott-Anderman did not have clear answers. PDGC Supplee acknowledged that there was a box of tablets in the back room, and ST Scott-Anderman admitted that there were some devices in the back office and in her office. (Tr. 64:1-12) (Ex. 9D at pdf pp. 16 and 36). The devices were found in seven or eight unopened shipping boxes in the back office and in the ST's office. (Tr. 71:1-13) (Ex. 13). The shipping boxes still contained the invoices for the devices, with dates ranging from 2017 to 2019. (Tr. 71:14-24, 72:9-14) (Ex. 12).

When asked about the phone bills, PDGC Supplee said that he was not there to review them; ST Scott-Anderman said she tried to monitor the bills to the best of her abilities. (Tr. 65:9-14) (Ex. 9D at pdf p. 35). Neither could explain why almost 200 unassigned and unused devices were purchased and being paid for on an ongoing basis. Neither claimed that the purchase or ongoing payments were authorized by the Executive Board or permitted under the DL 142 Bylaws, as they were not.

**4. *Improper payment of expenditures without proper authorization, including, but not limited to, thousands of dollars in "vacation payouts," "bonuses" to certain employees, and phones for retirees.***

DL 142 has a vacation payout policy, although there is no evidence that the policy was ever approved by the DL 142 Executive Board. (Tr. 99:21-24) (Ex. 19 at pdf pp. 2-3). The policy outlines the parameters of paying unused vacation in a lump sum, including on retirement. (Ex. 19 at pdf pp. 9, 29). The policy clearly states that the "[m]aximum vacation payout will be two years accrual." (Tr. 99:25-100:6) (Ex. 19 at pdf pp. 9, 29).

ST Scott-Anderman told auditors during the audit that she understood the vacation policy to permit a maximum payout of two years; however, in January of 2022, she stated



her belief that the policy allowed two years of banked vacation time *plus* any accrued vacation time. (Tr. 101:17-20).

The auditors determined that, over the course of the five-year audit time frame, nine individuals who retired or were separated from employment were paid more than two years of vacation accrual. The overpayments totaled \$50,934.59. (Tr. 102:13-22) (Ex. 19). Additionally, some employees were kept on payroll for weeks after retirement or separation—contrary to the policy’s requirement to pay employees in a lump sum. (Tr. 103:7-13). None of these payments were authorized by the Executive Board. (Tr. 99:21-24).

Neither the DL 142 bylaws nor the CBA with DL 142 administrative staff authorize payments of any bonuses to office staff. (Tr. 83:8-85:17) (Exs. 5, 16). Despite a financial state so critical as to ultimately require furloughing two DL 142 employees, ST Scott-Anderman authorized bonuses in 2017, 2018, 2019, and 2020 for office staff who worked directly with her, as well as for a janitorial employee. The bonuses totaled \$4,900. (Tr. 85:18-88:11, 89:13-18, 91:5-18, 92:3-9) (Ex. 17 at pdf. pp. 23, 40, 57, 64, 77). The Executive Board never authorized these bonuses. (Tr. 89:19-23).

DL142 bylaws similarly do not authorize the purchase of phones, tablets, or other devices for retirees. (Ex. 3 at 3-19 and 3-27; Ex. 5 at 14-15). Some of the devices (phones, tablets, and hot spots) and associated phone lines discussed above were assigned to retired and former employees of DL 142—some of whom had not been employed by the DL for years. (Tr. 53:5-54:12). Neither the Executive Board nor the membership authorized or approved these purchases and ongoing payments. (Tr. 56:1-8)

**5. *Violation of the U.S. Department of Labor and Internal Revenue Service reporting requirements including, but not limited to, failing to report hundreds of thousands of dollars on the DOL LM2 and the IRS Form 990.***

The transfer of \$270,000 discussed above was not reported to the DOL on DL 142’s LM-2 form, in violation of Title II of the Labor Management Disclosure Act, or on the 990 IRS form. The failure to report expenditures on these forms subjects the DL to fines, audits, and a loss of non-profit status, as well as possible criminal penalties for a willful failure to report. (Tr. 34:3-35:11, 46:20-48:14) (Ex. 20 at pdf pp. 43-45, 67-69).

In addition to not reporting certain expenditures, the financial information that was reported on these federally required forms dating back to 2018 often was not accurate. In some cases, the DL completely failed to report the correct value of entire accounts. (Tr. 107:8-114:23) (Ex. 20 at pdf pp. 19-21, 43-45, 67-69). In 2020 alone, over \$800,000—from accounts including CDs, savings accounts, and the \$270,000 checking account discussed above—was not properly reported to the federal government. (Tr. 114:24-115:15).

These reports will have to be amended, and the amendments could trigger a Department of Labor compliance audit, as well as an IRS audit and fines of \$50,000 per year.



(Tr. 115:7-116:7). If the non-reporting or inaccurate reporting is found to be willful, criminal penalties are also possible.

**6. Failure to pay State Unemployment or Employee withholdings for certain employees located outside of Missouri, which jeopardized their unemployment rights. Similarly, failure to properly report unemployment tax to the IRS on Form 940.**

The audit revealed that until July of 2021, when the DL began using ADP Payroll Services, DL 142 failed to pay state withholding taxes and state unemployment taxes on behalf of its eighteen (18) employees who resided outside the state of Missouri. (Tr. 92:10-19). Instead, the DL would withhold an amount an employee asked to be withheld from their payroll checks and, before the last payroll was issued for the quarter, the DL would forward the full quarter's worth of payroll state tax withholdings to the employee for them to pay themselves. (Tr. 92:20-93:7 and 93:1-7). When the time came to report the withholdings on the employees' annual W-2s, PDGC Supplee instructed his staff to use false state withholding ID numbers on the W-2s. (Tr. 93:8-95:16) (**Ex. 18** at pdf pp. 12-15).

Additionally, since June 2021, although field staff employees instructed the DL to deduct MNPL (Machinists Nonpartisan Political League) PAC funds from their paychecks, DL 142 did not transmit the monies that were deducted to the MNPL. (Tr. 98:6-13, 130:10-131:2, 131:10-134:9) (**Ex. 23**). There was no explanation provided for this improper retention of employee money that should have gone to the MNPL.

DL 142's willful misreporting of employee unemployment taxes and withholdings resulted in DL 142 having to pay state penalties and fines for failing to pay the taxes owed to various state treasuries. Future liability for DL 142 is likely, as additional states discover DL 142's previous failure to file. (Tr. 96:8-97:17) (**Ex. 18 at pdf pp. 22-69**). In addition, the DL's actions have placed field staff in jeopardy of not being able to access unemployment benefits. (Tr. 97:22-98:5).

**7. Failure to properly document and secure inventory and fixed assets of the Lodge including, but not limited to, in excess of \$3,000 in \$5 gift cards found sitting in a cardboard box in a closet.**

In a box (torn open on the top) in the closet in the front conference room of DL 142, the auditors found 661 \$5 Starbucks gift cards. (Tr. 80:20-25) (**Ex. 14**).



(Ex. 11C). While 1,500 were originally purchased, records in the box showed that only 347 were given away. Thus, 492 gift cards--totaling \$2,460--are completely unaccounted for. (Tr. 81:5-14) (Ex. 14).

The phone and tablet devices listed above also were not included on the DL 142 inventory list. (Tr. 76:1-5). Documentation of fixed assets such as these devices is required to be included in the various schedules attached to the DOL LM-2 form and the IRS 990 form. Although the auditors repeatedly instructed ST Scott-Anderman to correct the fixed asset list, she did not do so. (Tr. 78:19-25).

**8. Failure to adhere to the IAM's internal fiduciary controls, including, but not limited to, using a rubber stamp for signatures, not using a Master Voucher, and not reading financial reports at District Lodge meetings.**

Contrary to basic internal financial controls, the former DL 142 officers allowed the bookkeeper to use signature stamps, rather than requiring actual signatures, on checks. This practice is prohibited, as it does not allow for checks and balances to ensure the propriety of expenditures. (Tr. 117:4-118:22) (Ex. 3 at 3-29; Ex. 21).

The auditors also discovered a complete disregard of IAM reporting requirements that are necessary to ensure that members' dues monies are being properly spent. The former officers failed, for example, to read the financial officer's reports at DL 142 meetings, a measure ensuring financial transparency, and the ST did not report expenditures to the Executive Board. As a result, neither the membership nor the Executive Board approved expenditures. (Tr. 120:13-25) (Ex. 7). Additionally, ST Scott Anderman did not fill out a weekly activity report, which would have documented the business purpose of her expenditures on a timely basis. (Tr. 122:1-123:11).

Finally, while the former DL 142 officers used a master voucher for the Building Corp, thus demonstrating that they knew how to use this form (Tr. 124:3-25), they did not use this required form for the DL. (**Ex. 17** at pdf pp. 62-63); (Tr. 123:12-124:12) (**Ex. 3** at 3-27 to 3-28). Instead, an unauthorized register system was being used, which consistently resulted in per diem payments being paid out incorrectly. (Tr. 125:1-17).

### **No Evidence Presented to Contest the Auditors' Findings**

As previously mentioned, the former officers of DL 142 chose not to appear at the hearing or designate a representative to appear in their place. Thus, even though DL 142 was given the opportunity to do so, no one presented any evidence to refute any of the auditors' findings presented at the hearing. Although a member, Brother Tiberi, questioned the propriety of the trusteeship hearing and the underlying audit, he did not present any evidence contradicting the auditors' findings. We address the specific points raised by Brother Tiberi below.<sup>6</sup>

#### ***1. Improper payment to an officer for claimed expenditures without any substantiating documentation.***

Brother Tiberi stated that because the charge concerning undocumented tips that occurred in 2017 and 2019 "has no specifics and is not an ongoing problem," it cannot be used as a "valid reason for trusteeship." (Tr. 147:16-148:10).

#### ***2. The unauthorized and undisclosed movement of approximately \$270,000 of Grand Lodge funds into a non-interest-bearing checking account.***

Brother Tiberi stated that the funds at issue in this charge were a "partial payment for expenses incurred by District Lodge 142 during its negotiations with American Airlines." (Tr. 148:18-21). He stated that the reimbursement agreement was "disclosed to every Lodge American Airlines grievance committee," and that the "district Executive Board and every local lodges affiliated with District Lodge 142 were informed of the account when they were failed [sic] the August 2020 monthly District Lodge 142 financial report." (Tr. 148:22-149:3). He also stated that the Grand Lodge was informed of the fund "when it received the District second half audit report in early 2021." (Tr. 149:5-7). Finally, Brother Tiberi opined that that because the account was disclosed as he described, and because "not a single dollar was spent from that money," this charge was not sufficient to warrant the continuation of the trusteeship. (Tr. 149:11-16).

Brother Tiberi's statements directly contradict statements that ST Scott-Anderman and PDGC Supplee made to the Grand Lodge Auditors about the transfer of the \$270,000.

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<sup>6</sup> Throughout his comments, Brother Tiberi noted procedural issues that he believed invalidated these proceedings. As our sole task is to decide whether there was a sufficient basis for the imposition of the trusteeship, we will not address his general procedural claims, which are subject to pending litigation, in this report.

Other than his conclusory statements, Brother Tiberi did not present any evidence or provide the factual basis for his claims.

**3. *Improper payment of thousands of dollars per month for unused or unidentified phone equipment, tablets, insurance, and phone lines.***

Brother Tiberi stated that "District Lodge 142 changed cellphone carriers from Sprint to AT&T in April-May 2021, had to buy out the remainder of the contract with Sprint, as customers who switch typically do," and that this "routine cost" was done in order to "achieve greater long-term savings on phone equipment and service." (Tr. 149:20-150:2). Brother Tiberi did not identify any specific savings achieved, nor did he present any evidence concerning the alleged carrier switch. Neither PDGC Supplee nor ST Scott-Anderman presented this novel position to the Grand Lodge Auditors when they were questioned about the devices. Indeed, the PDGC and ST could not even confirm that they reviewed or monitored the phone bills when questioned. (Tr. 65:9-14) (**Ex. 9D** at pdf pp. 15-17, 35-37).

**4. *Improper payment of expenditures without any authorization, including payments of thousands of dollars in "vacation payouts," "bonuses" to certain employees, and phones for retirees.***

Brother Tiberi stated that the actions leading to this charge were "policies that were uniformly followed for decades, predating any District Lodge 142 officer in office at the time of the trusteeship" and have "never been questioned before," and that they "cannot be used to justify the trusteeship." (Tr. 150:14-151:1). Brother Tiberi did not identify or provide any policy documents in support of this position.

**5. *Violation of U.S. Department of Labor (DOL) and Internal Revenue Service reporting requirements including failing to report hundreds of thousands of dollars on the DOL LM-2 Form and the IRS Form 990.***

Brother Tiberi stated that this charge stems from "inadvertent errors made by the CPA the District hired," that the entirety of the charge "refers to the \$270,000 received from the [sic] and disclosed to the membership and Grand Lodge," and that it is an "error that can be corrected with an amended report." (Tr. 151:8-13).

He also stated that "Some IAM lodges have failed to submit LM-2 reports for years and did not end up in trusteeship." (Tr. 151:13-15). He did not identify which IAM lodges he was referring to, nor did he provide any factual support for this statement.



- 6. Failure to pay State unemployment and employee withholdings for certain employees located outside of Missouri, which jeopardized their unemployment rights. Similarly, failure to properly report unemployment taxes to the IRS on Form 940.**

Brother Tiberi stated that this charge stems from a “decades-old practice that had never been questioned in any prior audit” and that “the practice had already been corrected by the time the trusteeship was imposed.” (Tr. 152:2-11).

- 7. Failure to properly document and secure inventory and fixed assets of the Lodge, including more than \$3,000 in \$5 gift cards found sitting in a cardboard box in a closet.**

Brother Tiberi stated that the gift cards “were locked in a closet,” and guessed or surmised that it was the Grand Lodge auditors who opened the “sealed” box. (Tr. 153:3-20). He stated that the “fact that the cards were bought seven years ago and left over and are still in the office proves that they were properly secured at the time.” (Tr. 153:13-16).

- 8. Failure to adhere to the IAM’s internal financial controls, including using a rubber stamp for signatures, not using a Master Voucher, and not reading financial reports at District Lodge meetings.**

Brother Tiberi stated that the underlying issues giving rise to this charge “were corrected immediately” upon being brought to the attention of the PDGC and ST in August of 2021 (Tr. 154:5-7).

## **Discussion and Conclusions**

Article VI, Section 8 (“Purposes for Which a Suspension or Trusteeship May Be Established”) of the IAM Constitution lays out the circumstances warranting trusteeship:

A suspension or trusteeship of a L.L., D.L., council or conference may be imposed whenever the I.P. has or receives information which leads him/her to believe that such organization: (1) is violating the Constitution, the laws, policies, rules and regulations of the G.L., or the bylaws of such L.L., D.L., council or conference approved by him/her or the E.C.; (2) is endangering the good and welfare of the organization or the membership; (3) is being operated in such a manner as to jeopardize the interests of the I.A.M. or its subordinate bodies; or (4) if the I.P. believes that such action is necessary for the purpose of: (a) correcting financial malpractice; (b) assuring the performance of collective bargaining agreements or other duties of the bargaining representative; (c) preventing any action which is disruptive of, or interferes with, the performance of obligations of other members or subordinate bodies under collective bargaining agreements; (d) restoring democratic procedures; or (e) carrying out the legitimate objectives of this Union.

As explained below, we have determined that one element of the charges (involving the use of rubber signature stamps) set forth in the IP's letter of January 26, 2022, standing alone, cannot serve as the basis for upholding the trusteeship. However, with respect to the rest of the charges—which involve very serious and repeated incidents of financial malpractice, misconduct and, at best, negligence in the handling of the District's financial affairs—we have concluded that the charges are sufficiently supported by the evidence and constitute valid grounds for continuing the trusteeship.

The uncontested evidence established numerous violations of the Constitution, the laws, policies, rules and regulations of the Grand Lodge, and the bylaws of DL 142. We believe that the DL's pervasive financial malpractice and malfeasance endangers the good and welfare of the membership and jeopardizes the interests of the both the IAM and DL 142. We therefore believe that the continuation of the trusteeship is warranted in order to carry out the legitimate interests of the union and correct widespread financial malpractice.

In reaching this conclusion, we have carefully reviewed all of the evidence presented, including the transcript of testimony at the hearing and all of the exhibits. We discuss each of the charges below.

***1. Improper payment to an officer for claimed expenditures without any substantiating documentation.***

It is irrefutable that the audit of DL 142's financial records showed that ST Scott-Anderman approved a \$500 payment to herself on September 7, 2017, and a \$750 payment to herself on August 22, 2019—for a total of \$1,250 in expenditures ***to herself***, all without any supporting documentation, authorization, or signatures. (Tr. 28:8-31:9)(**Ex. 6** at pdf pp. 3-8, 15-22).

Official Circular 866 (**Ex. 3A** at pp.109-110) prohibits cash payments made in advance for expenses without proper documentation. The ST's undocumented, self-authorized payments not only are contrary to her obligations under Article XXII, Section 8 of our Constitution (**Ex. 4** at 88), which requires the DL St to "keep a systematic accounting of all disbursements....[and] file all *receipted* bills...," (emphasis added), but it expressly violates our Official Circular (**Ex. 3A**) and the DL's Bylaws, which mandate that the ST keep a correct account of the DL's finances (Art. IX, Sec 5) and file accurate expense reports (Art. IX, Sec. 3). Most importantly, it is an officer's primary fiduciary obligation and duty not to self-authorize payments and to provide supporting documentation for all expenditures in order to protect and provide transparency regarding the members' dues monies.

Violations of the Constitution, the laws, policies, rules and regulations of the Grand Lodge endangers the good and welfare of the union and the membership. Standing alone, the ST's self-authorization of unauthorized cash payments is a substantial enough problem, supported by evidence, to constitute valid grounds for continuing the trusteeship. It is particularly egregious when viewed together with the other charges discussed below.

**2. The unauthorized and undisclosed movement of approximately \$270,000 of Grand Lodge funds into a non-interest-bearing checking account labeled as a Building Corp. account.**

First, the evidence shows that DL 142's Executive Board never authorized the transfer of \$270,000 to the Building Corp.-labeled checking account, nor were they even notified of it, as there is no discussion or approval noted in any Executive Board minutes. (Tr. 31:17-33:20; 33:25-34:2) (Ex. 7). Moreover, "notifying" the Grand Lodge almost seven months later, as DL 142's officers claimed to have done here through an audit report (Tr. 149:5-7) where the account was buried, cannot constitute sufficient authorization, because the \$270,000 was listed **after the transfer had occurred** as a line item in a four-page report and which did *not* identify the funds as GL monies. Indeed, it was not until the beginning of the audit in the summer of 2021 that the Grand Lodge auditors discovered that its funds were transferred to the separate checking account.

Second, it is also clear from the record that the former officers, when questioned, had an ever-changing series of explanations for the purpose of creating the account and moving the money there. PDGC Supplee's emails initially described this account as having been created for holding Grand Lodge money (and the funds *being* Grand Lodge money) (Ex. 8 at pp. 2, 5, 11), then they stated that the monies were held there for reasons that "someone" on the Grand Lodge Executive Council can answer (Tr. 41:11-16), and finally they claimed—without any support—that the funds belonged to DL 142. (Tr. 43:2-7, 44:25-45:4).

Third, the officers' explanations for the intended use of the funds also shifted, as stories ranged from their using the monies for Guide Dogs (Tr. 40:12-24) (Ex. 8 at p. 5), to using it for raids and organizing (Tr. 40:12-24), to Brother Tiberi's claim that the funds were a "partial payment for expenses incurred by District Lodge 142 during its negotiations with American Airlines." (Tr. 148:18-21).

We reviewed Ex. D-3, which was submitted by Brother Tiberi as evidence of the members being notified of the existence and transfer of these funds. While there is no evidence in the record of anyone ever receiving this document (if it is, in fact a document that was distributed – the record evidence is that it was not received by two of the largest local lodges in the District, Tr. 48:15-25), the document itself does not indicate that the funds were GL monies that were transferred into a building fund-labeled account. Rather, the \$270,000 is merely listed as an "investment":

Per Capita to Local Lodges	730,337.50
Lost Wages Expense	1,440.96
Investments	270,000.00
Legal Fees	8,078.22

(Ex. 8 at pdf p. 92). However, because the funds were placed in a non-interest-bearing checking account, they cannot properly be characterized as an "investment." (Tr. 38:13-25) (Ex. 8 at p. 17). They did not earn any interest for the members of DL 142. Nor is there any



description of the source or intended use of this “investment” in a way that would inform the membership of any of the various “intended” uses that have been claimed.

Finally, the evidence submitted with respect to these funds demonstrated that they were never reported on requisite governmental or internal union filings, in violation of federal labor and tax law as well as the reporting policies, rules and regulations of the IAM.

We believe that hiding these monies from the membership and the Grand Lodge by placing it in a building fund labeled account constitutes conduct that endangers the good and welfare of the union and the membership. Because the evidence concerning the creation of this account and the transfer funds into it demonstrates an intent to hide funds and assets from the membership, we also believe that the continuation of the Trusteeship is necessary for the purpose of correcting financial malpractice. Indeed, even standing alone, the undisclosed funds transfer is a substantial enough problem, supported by sufficient evidence, which constitutes valid grounds for continuing the trusteeship.

***3. Improper payment of thousands of dollars per month for unused or unidentified phone equipment, tablets, insurance, and phone lines.***

The uncontested evidence demonstrated that DL 142 had cellular phone bills outlining expenditures on over 160 pages (double sided) for 196 unassigned phones, tablets and other devices, many with insurance plans on them—totaling \$201,149.12. The DL was paying for these 196 unused, unauthorized, and unassigned devices even though there were only 18 field staff and a few full-time committee people. (Tr. 51:1-15, 56:9-58:4, 59:4-61:20) (Exs. 9A-9D). We find that that the Executive Board did not authorize the purchase of these devices, despite the requirement in the policies, procedures and Bylaws that expenditures such as these must be authorized by the Executive Board and properly reported. (Tr. 58:15-24, 60:10-13, 61:21-62:1, Tr. 67:9-14) (Ex. 3 at 3-19; Ex. 5 at 14-15).

When auditors questioned PDGC Supplee and ST Scott-Anderman about the 196 devices, neither offered Brother Tiberi’s novel argument that the expenditures were required in order to complete contracts from one service provider. The former officers could not even confirm that they ever reviewed or monitored the phone bills. (Tr. 65:9-14) (Ex. 9D at pdf pp. 15-17, 35-37). Even if it were plausible to pay for some service as a contract ends, there is no way to justify paying for 66 months’ worth of service for 196 unassigned, unused, and unauthorized devices, particularly given the size of the staff of DL 142.

There is no justification for such a gross misuse of DL funds. The evidence showed numerous violations of the Constitution, the laws, policies, rules and regulations of the Grand Lodge, and the bylaws of DL 142. Disregarding the expenditures of members’ dues monies constitutes conduct that endangers the good and welfare of the union and the membership; treating members’ dues monies in such a careless way jeopardizes the interests of the IAM and DL 142. Continuation of the trusteeship is warranted because financial malpractice of this level must be corrected. Even standing alone, this is a substantial enough problem, supported by evidence, to constitute valid grounds for continuing the trusteeship.



**4. Improper payment of expenditures without proper authorization, including payments of thousands of dollars in “vacation payouts,” “bonuses” to certain employees, and phones for retirees.**

DL 142 has a clear vacation payout policy that limits the payment of accrued vacation to two years. (Tr. 99:21-100:6) (Ex. 19 at pdf p. 2-3). When questioned, however, ST Scott-Anderman changed her description of what she understood the vacation payout policy to be. Her disregard of the vacation policy resulted in overpayments to retirees in the amount of \$50,934.59. (Tr. 102:13-22) (Ex. 19 at pdf pp. 32-35). Additionally, some employees were kept on payroll for weeks after their retirement or separation—contrary to the vacation payout policy’s requirement to pay employees in a lump sum. (Tr. 103:7-13).

Neither DL 142’s bylaws nor the CBA with DL 142 administrative staff permit the unapproved payment of bonuses to office staff. (Tr. 83:8-85:17) (Exs. 5, 16). Despite these policies and CBA, and despite the fact that the DL’s financial circumstances were so severe that it had to furlough two employees, ST Scott-Anderman authorized bonuses to office staff that worked directly with her, as well as to a janitorial employee, in 2017, 2018, 2019, and 2020—for a total of \$4,900. (Tr. 85:18-88:11, 89:13-18, 91:5-92:9) (Ex. 17). Even though DL 142 knew that it needed to save money—causing it to furlough two employees and stop paying per diem—ST Scott-Anderman ignored bylaws and policies as well as the collective bargaining agreements, and paid bonuses to her direct staff. Most importantly, the Executive Board never authorized these bonus payments. (Tr. 89:19-23) (Ex. 7).

Similarly, DL bylaws do not authorize that phones, tablets, or other devices, as well as their service fees and insurance, be provided to retirees and paid on an ongoing basis by the DL. (Tr. 56:1-8) (Ex. 5). Nonetheless, retired and former employees of DL 142—some of whom had not been employed by the DL for years—were given phones, tablets and other devices, with the carrying costs and insurance charges paid on an ongoing basis by the DL. (Tr. 83:8-85:17) (Exs. 9A-9C).

None of these actions were authorized by the Executive Board, and all were inconsistent with obligations imposed by DL 142’s bylaws and the IAM’s policies. The “policies” cited by Brother Tiberi appear nowhere in the record. This charge clearly demonstrates the DL’s blatant *disregard* of written policies. The evidence showed numerous violations of the Constitution, the laws, policies, rules and regulations of the Grand Lodge and/or the bylaws of DL 142. We believe that this conduct endangers the good and welfare of the union and the membership and jeopardizes the interests of the IAM and DL 142. We further believe that continuation of the trusteeship is warranted because it is necessary for the purpose of correcting financial malpractice. This, too, is a substantial enough problem, supported by evidence, to constitute valid grounds for continuing the trusteeship.

**5. Violation of the U.S. Department of Labor (DOL) and Internal Revenue Service (IRS) reporting requirements, including failing to report hundreds of thousands of dollars on the DOL's LM-2 Form and the IRS' Form 990.**

Contrary to the statements made by Brother Tiberi, this charge does not involve simple "errors" or accidental omissions. First, the DL's CPA did not cause the problem here because he prepared reports based upon information provided to him by the DL's leadership. The DL's leadership, who failed to provide him with full and accurate information, was responsible for signing and submitting the reports. (Tr. 116:16-21).

Furthermore, these reporting omissions involved more than the \$270,000 account. Dating back to 2018, the financial information reported on these federally required forms was not accurate. In some cases, the former officers completely failed to report the correct value of multiple accounts. (Tr. 107:8-114:23) (Ex. 20 at pdf pp. 19-73). In 2020 alone, more than \$800,000—from accounts including CDs, savings accounts, and the \$270,000 checking account—was not properly reported to the federal government. (Tr. 114:24-115:15).

These reports will have to be amended, and the amendments could trigger a Department of Labor compliance audit as well as an IRS audit, loss of non-profit status, fines of \$50,000 per year, and possible criminal penalties. (Tr. 34:3-35:11, 46:20-48:14, 115:7-116:7) (Ex. 20).

There is no justification for such a wanton failure to accurately report DL assets and funds. The evidence showed violations of the Constitution, the laws, policies, rules and regulations of the Grand Lodge, and the bylaws of DL 142. We believe that this conduct endangers the good and welfare of the union and the membership and jeopardizes the interests of the IAM and DL 142. Continuation of the trusteeship here is also warranted because it is necessary for the purpose of correcting this financial malpractice and carrying out the legitimate objectives of this Union. Even standing alone, this is a substantial enough problem, supported by evidence, to constitute valid grounds for continuing the trusteeship, particularly when viewed together with the other financial malpractice involved here.

**6. Failure to pay State unemployment and employee withholdings for certain employees located outside of Missouri, which jeopardized their unemployment rights. Similarly, failure to properly report unemployment taxes to the IRS on Form 940.**

This charge stems from the former officers' misrepresentations on required governmental tax filings. To characterize this as a mere "error" ignores the fact that the DL intentionally **created false state withholding ID numbers on employee W-2s—at the instruction of PDGC Supplee**. (Tr. 93:8-95:16) (Ex. 18 at pdf pp. 12-15). Furthermore, as a result of PDGC Supplee's instructions, DL 142 had to pay state penalties and fines for failing to pay the taxes owed to various states. There likely will be future liability for DL 142 as additional states discover other fraudulent filings. (Tr. 96:8-97:17) (Ex. 18 at pdf pp. 22-69).

Additionally, the ST's actions have harmed DL 142 employees, who may lose access to unemployment and other state benefits as a result of the fraudulent filings. (Tr. 97:22-98:5).

There is no justification for such willful misrepresentations on official government filings. The undisputed evidence revealed numerous violations of the Constitution, the laws, policies, rules and regulations of the Grand Lodge, and the bylaws of DL 142. This conduct endangered the good and welfare of the union and the membership and jeopardized the interests of the IAM and DL 142. We believe that continuing the trusteeship is necessary for the purpose of correcting financial malpractice. Even standing alone, this is a substantial enough problem, supported by evidence, to constitute valid grounds for continuing the trusteeship.

**7. *Failure to properly document and secure inventory and fixed assets of the Lodge, including more than \$3,000 in \$5 gift cards found sitting in a cardboard box in a closet.***

The Auditors encountered a torn-open box of \$5 gift cards, with 492 unaccounted for cards worth \$2,460. (Tr. 81:5-14) (**Ex. 14**). The auditors documented their findings with video and photos. (Tr. 80:20-25) (**Exs. 13-14**). Additionally, the phone and tablet devices listed above were unsecured, and were not included on the DL 142 inventory list. (Tr. 76:1-5). Documentation of fixed assets such as these must be included in the various schedules on the LM-2 and IRS 990 forms. Although the auditors asked ST Scott-Anderman on many occasions to correct the fixed asset list, she did not do so. (Tr. 78:19-25).

The evidence showed violations of the Constitution policies and rules and regulations of the Grand Lodge and the bylaws of DL 142. (**Ex. 4** at 88; **Ex. 3** at 3-58 to 3-62). We find that this conduct endangered the good and welfare of the organization and the membership and jeopardized the interests of the IAM and DL 142. We conclude that continuation of the Trusteeship is also warranted in order to correct financial malpractice and carry out the legitimate objectives of this Union. This is a substantial enough problem, supported by evidence, to constitute valid grounds for continuing the trusteeship, particularly when viewed together with the other charges here.

**8. *Failure to adhere to the IAM's internal financial controls, including using a rubber stamp for signatures, not using a Master Voucher, and not reading financial reports at District Lodge meetings.***

DL 142 authorized its bookkeeper to use signature stamps to sign checks, a practice that is prohibited because it does not allow for proper checks and balances on union expenditures. (Tr. 117:4-118:22) (**Exs. 3, 21**). Although this part of the charge is not sufficient, standing alone, to justify the continuance of the trusteeship, it certainly is consistent with the pattern and practice of DL 142's total disregard for financial controls required by the Financial Officers Reference Manual.

However, the fact that the financial officer's reports were not read at DL 142 meetings (Ex. 5 at 14), the ST did not report expenditures to the Executive Board, and the Executive Board did not approve expenditures, indicates a larger problem of willfully hiding expenditures from the membership and the Executive Board. (Tr. 120:13-25) (Ex. 7). To compound this problem, DL 142 did not use master vouchers to track its expenditures, as required in the Financial Officers Reference Manual. (Tr. 123:12-124:12) (Ex. 3 at 3-27 to 3-28). While they did use a master voucher for the Building Corp., indicating the DL's knowledge of the requirement, the former officers did not do so for DL 142. (Tr. 124:3-25) (Ex. 17). Instead, an unauthorized register system was being used, which resulted in per diem payments being paid out incorrectly. (Tr. 125:1-17).

These actions are additional examples of DL 142's complete disregard for the established procedures required by Financial Officers Reference Manual and the DL 142 Bylaws. We believe that in order to correct financial malpractice and protect the good and welfare of the members, continuation of the trusteeship is imperative. This is a substantial enough problem, supported by uncontested evidence, to constitute valid grounds for continuing the trusteeship—particularly when viewed together with the other evidence, discussed above, of financial malfeasance.

### **Conclusion**

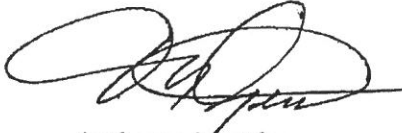
In summary, the extensive record in this case demonstrates a pattern of unbridled financial misconduct in DL 142. The charges are supported by ample evidence and constitute valid grounds for continuing the trusteeship.

The evidence demonstrated numerous violations of the Constitution, the laws, policies, rules and regulations of the Grand Lodge, and the bylaws of DL 142. The former officers' repeated disregard for financial controls, their attempts to hide expenditures from both the membership and the federal and state governments, and their reckless treatment of the DL's treasury as if it were their own, clearly endangers the good and welfare of the union and the membership and jeopardizes the interests of the IAM and DL 142. We have no hesitation in concluding that the continuation of the trusteeship is necessary to correct these violations and end widespread financial malpractice.

It should be noted that this Trial Committee was not charged with determining the culpability of any particular District Lodge officer with regard to any allegation. Rather, we were asked to determine whether conditions existed to justify the continuation of the trusteeship. For the reasons discussed above, and based on the evidence presented to us, we have no difficulty in concluding that District Lodge 142 was operated, at best, in a highly cavalier and negligent manner that resulted in pervasive financial malpractice that must be corrected. We therefore recommend that the trusteeship of District Lodge 142 be continued until such time as all financial improprieties in the District Lodge have been corrected.



Respectfully Submitted,



Anthony Armideo  
Chairman

*Ernie Epps*  
Ernest Epps  
Member



DeWitt Darity  
Member