

June 8, 1998

**VIA UPS OVERNIGHT**

James P. Hoffa  
2593 Hounds Chase  
Troy, MI 48098

Ken Paff  
Teamsters for a Democratic Union  
7435 Michigan Avenue  
Detroit, MI 48210

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Finkel, Whitefield, Selik,  
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32300 Northwestern Highway  
Suite 200  
Farmington Hills, MI 48334

Paul Alan Levy, Esq.  
Public Citizen Litigation Group  
1600 20th Street, NW  
Washington, DC 20009

**Re: Election Office Case No. PR-072-IBT-EOH**

Gentlemen:

James P. Hoffa, a candidate for general president, filed a pre-election protest pursuant to Article XIV, Section 2(b) of the *Rules for the 1995-1996 IBT International Union Delegate and Officer Election ("Rules")* against Ken Paff, the Teamsters for a Democratic Union ("TDU") and "various other individuals who are not members of the IBT." Mr. Paff is employed by the TDU as an "organizer." The protester alleges that the TDU used non-member money to campaign. The TDU denies the allegation.

The protest was investigated by New York City Protest Coordinator Barbara C. Deinhardt.

The investigation disclosed that on or about March 8, 1998, a group of persons referring to themselves as "friends of Teamster reform" held a fund-raising event at a private residence in a Boston, Massachusetts suburb. A flyer advertising the event stated in pertinent part as follows:

**The Teamsters Still Needs  
A Rank-and-File Movement!**

**Find out why at a:  
Fund-Raising Brunch  
For Teamster Reform**

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The flyer further provided the exact location of the event and announced the expected appearance of Mr. Paff, quoting from a news article written by a nationally-known labor reporter praising him for his work on behalf of the TDU. The flyer specifically asked prospective contributors to send all donations to an organization known as the Teamster Rank and File Legal Defense and Education Fund (“TRF”):

If you can’t attend, please consider sending a donation to  
“TRF” -- the Teamster Rank & File Education and Legal  
Defense Foundation, P.O. Box 10303, Detroit, MI., 48210

On or about January 6, 1998, the hosts of the fund-raising event sent a letter to prospective supporters seeking financial sponsors. The letter stated in pertinent part as follows:

This event will provide labor and community activists with the chance to learn more about recent developments in the Teamsters and about TDU’s strategy in the union’s upcoming re-run election campaign. It’s also an opportunity for us to show our personal support for and solidarity with Ken, who has played such an important role in the Teamsters over the last 25 years.

The letter makes no request for contributions for the benefit of an IBT International Officer candidate, nor does it identify any candidate or campaign that might, in the future, receive such contributions.

The Election Officer has previously determined that the TDU is an “independent committee” because it consists of a caucus or group of union members, not controlled by a candidate or slate, that has accepted funds or made expenditures with the “purpose, object or foreseeable effect” of influencing the International election. **Rules**, Definitions, at Section 22; *Advisory on Campaign Contributions and Disclosure* (Revised November 1997) (“*Advisory*”), p. 19; Halberg, P-019-LU174-PNW (December 14, 1995) (decision on remand). As an “independent committee,” the TDU may contribute to International campaigns even if financial assistance is received from sources prohibited under the **Rules**. However, the **Rules** and the *1996 IBT International Officer Rerun Election Plan* (“*Rerun Plan*”) require that monetary support for campaign activities consist exclusively of funds received from IBT members. Funds received from any other sources cannot be contributed to any candidate through TDU, or any other independent committee, and must be properly allocated and segregated. In re: Gully, 91 - Elec. App. - 158 (SA) (June 12, 1991), aff’g, Sargent, P-249-LU283-MGN (May 21, 1991).

Since the Election Officer’s decision in Gully, TDU has been required to segregate IBT member funds used for campaign activities from other revenues, and to allocate its costs between permitted campaign activities and other non-campaign activities. To implement this allocation requirement, TDU has operated an accounting program known as the Huddleston system. The Election Officer has recently determined that the Huddleston system was correctly modified by

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the TDU to account for the additional accounting restrictions contained in the *Rerun Plan*.  
Hoffa, PR-039-IBT-EOH (March 10, 1998), aff'd, 98 - Elec. App. - 341 (KC) (April 9, 1998).

TRF, a "foundation" supported at least in part by prohibited funds, shares resources with TDU. See, Halberg, supra. However, so long as the Huddleston system is properly maintained and applied to assure that no improper funds are spent to campaign in the IBT election, this resource sharing arrangement does not violate the **Rules**.

Viewed in a light most favorable to the protester, the evidence submitted establishes that a fundraising event was held, that Mr. Paff made some campaign-related remarks, that some of the persons who contributed were not members of the IBT and that the monies raised were sent to TRF. There is no evidence that the TDU received any monies in connection with the event or that any non-member or otherwise improper funds were spent by TDU or TRF to support campaign activity at the event.

Accordingly, the protest is DENIED.

Any interested party not satisfied with this determination may request a hearing before the Election Appeals Master within one (1) day of receipt of this letter. The parties are reminded that, absent extraordinary circumstances, no party may rely upon evidence that was not presented to the Office of the Election Officer in any such appeal. Requests for a hearing shall be made in writing and shall be served on:

Kenneth Conboy, Esq.  
Latham & Watkins  
885 Third Avenue, Suite 1000  
New York, NY 10022  
Fax: (212) 751-4864

Copies of the request for hearing must be served on the parties listed above as well as upon the Election Officer, 444 North Capitol Street, NW, Suite 445, Washington, DC 20001, Facsimile (202) 624-3525. A copy of the protest must accompany the request for a hearing.

Sincerely,

Michael G. Cherkasky  
Election Officer

MGC:chh

cc: Kenneth Conboy, Election Appeals Master

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Barbara C. Deinhardt, New York City Protest Coordinator