

# Parent union takes control of New York's DC 37

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On November 28 the national president of the American Federation of State, County and Municipal Employees (AFSCME), Gerald W. McEntee, named a trustee to take control of New York's scandal-ridden District Council 37. The current head of the 120,000-member union, Stanley Hill, was removed and placed on an unpaid leave of absence. The trustee is Lee Saunders, a McEntee's top aide, who will be in control of the union's everyday affairs including grievances, negotiations and staffing.

In addition, Hill was ousted as the chairman of the Municipal Labor Committee, a city umbrella group of nearly 100 unions. He has been replaced by Randi Weingarten, the president of the teachers' union.

These actions follow the revelations of widespread corruption in DC 37, which consists of 56 locals representing various city government employees, including the stuffing of ballot boxes to attain the ratification of a two-year pay freeze for municipal employees. Making it clear that he is seeking damage control, McEntee stated at a news conference, 'I pledge to the 120,000 members of DC 37 that the reputation of this union will be restored.' To assist in achieving this goal, the parent union has hired KPMG Peat Marwick to audit the council's finances, and the investigative agency Kroll Associates (the same company involved in investigating the Teamsters) to examine how the 1996 contract vote was fraudulently ratified.

Two officials close to Hill resigned on November 23, admitting that they rigged the 1996 contract vote by throwing out 'no' votes and filling ballot boxes with phony 'yes' votes. The sell-out agreement was used to cement the union officials' relationship with Republican Mayor Rudolph Giuliani, later endorsed by the union for reelection in 1997.

In the aftermath of these revelations, District

Attorney Robert M. Morgenthau began investigating the 1996 contract ratification vote, and the numerous reports of financial corruption. More than a third of the board members are now under investigation. He has subpoenaed the records of the District Council and all of its 56 locals.

Joseph DeCanio, president of the highway laborers' local, has already pleaded guilty to raking in more than \$50,000 in a scheme to sell over-priced Thanksgiving turkeys to the council. Other local presidents are being investigated for being partners in the scheme. The president of the City University administrative assistants is being investigated over the disappearance of \$190,000 from her local's treasury. Mr. Albert Diop, a close ally of Hill who heads the clerical workers local, is under investigation for, among other things, having payments made to him for the rental of a penthouse apartment in the union's headquarters.

It has been charged that the former president of the motor vehicle operators local made tens of thousands of dollars in kickbacks by distributing Thanksgiving turkeys for his local, and paying \$92,000 from the union treasury for a Christmas party. There are reports from the DA's office that many more details of corruption are being discovered, and that at least 30 union officials may be indicted.

The FBI recently opened up an investigation of mob connections, death threats, racketeering, extortion and kickbacks that have been going on for decades in DC 37. One aspect of the investigation involves the role of William Cutolo, a man with alleged connections to the Colombo crime family. Cutolo apparently arranged a highly paid 'no-show' job for one of his relatives, a practice that was not unusual for the council. It is also being investigated that as part of a kickback scheme he threw lavish dinners in honor of union officials,

including AFSCME International President Gerald McEnte, and Local 1549 President, and Hill ally, Albert Diop. In addition, the recently elected union president of Local 983, representing the municipal drivers, has reported that he has received repeated death threats because of a conflict with mob influence in the union.

For years the union leaders have milked their treasuries for bloated salaries and extravagant trips, or outright thievery. Many members of the council's executive board receive a stipend of \$30,000 or more to attend one or two lavishly catered meetings a month. Last June an internal union panel expelled Charles Hughes, the former president of a local representing 25,000 school cafeteria aides and crossing guards, for embezzling more than \$1.7 million, and pushing up that local's debt to \$10 million. The entire District Council assets have dropped from \$22 million in 1994 to \$3.5 million today. One example of the extravagance of the union officials was a trip by 700 union officials, at a cost of approximately \$2 million, to a national union convention in Hawaii last summer.

The numerous reports of corruption are in addition to the gross six-figure salaries collected by DC 37 heads. Hill made \$262,192, while Albert Diop grossed \$192,213. These bureaucrats represent some of the most poorly paid civil servants in the city. For example, a cafeteria aide can make as little as \$11,000 per year, well below the poverty level.

These revelations are not simply the exposure of the corruption of large numbers of union officials, but express the putrefaction of the union apparatus itself. The unions are run, not in the interest of the dues-paying members, but for the benefit of a labor bureaucracy which, in turn, is at the service of the government and the employers.

See Also:

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[25 November 1998]

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*A lecture by David North*

[10 January 1998]



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