

# New revelations of corruption in New York City unions

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One month after the American Federation of State, County and Municipal Employees staged an administrative takeover of New York City's largest municipal union body, ousted its top bureaucrat Stanley Hill and installed its own administrator, the revelations of fraud, corruption and gangsterism within District Council 37 continue to leak out, like pus from an infected wound.

DC 37's new administrator, Lee Saunders, a loyal functionary within the AFSCME national bureaucracy, has attempted to cast the monumental scandal gripping the union's largest affiliate in the best possible light. He has pledged to make a clean sweep of corruption and even to revive union militancy against the five-year-old onslaught against workers' jobs, living standards and basic rights.

Randi Weingarten, the head of the United Federation of Teachers who replaced Hill as chair of the Municipal Labor Coalition after his ouster from his own union, struck a similar note, declaring that 'adversity breeds opportunity.'

While one might assume from this that the opportunities opening up for municipal unionism abound, it should be recalled that, in the case of DC 37, adversity has also bred criminal investigations by the Manhattan District Attorney's office. One bureaucrat, Joe Decanio, who was the president of Laborers Local 376 of DC 37, has been indicted on charges stemming from a scheme in which he sold Thanksgiving turkeys to other municipal union locals at inflated prices, sharing kickbacks with fellow union bureaucrats.

Decanio's indictment, covering just a small portion of the corrupt activities in which he has been implicated by other union sources, was reportedly handed down as part of a plea bargaining agreement in which he has fingered other union officials in far greater crimes, including the rigging of the 1996 contract vote that imposed a two-year wage freeze, causing immense hardship for hundreds of thousands of city workers and their families.

Following Decanio's indictment two top bureaucrats in DC 37, the coalition's assistant director Marty Lubin and his assistant Mark Shaplo, resigned, admitting to having taken part in the ballot stuffing that led to the contract ratification. Shortly thereafter Hill was placed on an 'unpaid leave of absence' from which no one seriously expects him to return.

The grossest vote rigging took place in Clerical-Administrative Employees Local 1549, led by Hill's closest union ally Al Diop. Relatively low-paid clerical workers in this local had supposedly approved the wage-cutting deal by a whopping margin of 7,700 votes.

Revelations since the decapitation of DC 37's bureaucratic leadership have made it clear that the union was rife with corruption from top to bottom and its leadership on every level had turned defrauding the membership into a full-time occupation.

Saunders, the AFSCME-appointed administrator, admitted that ballot rigging in the 1996 contract vote took place in at least 12 locals. This fact was rather easily uncovered in many of these locals simply by comparing the number of 'yes' votes cast to the number of members who actually attended ratification meetings in these locals. In many cases the former outnumbered the latter.

In terms of financial corruption, Saunders expressed indignation over what he termed union officials treating DC 37 as their own private 'candy store.' The AFSCME bureaucrat attributed the loss of more than \$10 million in union funds to 'irresponsible spending' by top bureaucrats.

There had already been ample revelations of individual corruption by union bureaucrats. Board of Education Local 372 President Charles Hughes, for example, is accused of appropriating \$1.6 million in union funds for his personal use. He did so by submitting phony bills for overtime, using the local's credit cards for purchases at stores like Victoria's Secret, and putting friends in Georgia, where he was building himself a plantation-style mansion, on the union payroll.

The corruption, it has since emerged, was anything but individual. DC 37 managed to create a \$2 million annual slush fund for top bureaucrats by deliberately undercounting its membership and keeping the dues money it collected for their use. Since imposing its administratorship, AFSCME has 'discovered' that it had 5,000 more members in the city's unions than the District Council officially reported.

In another scheme for bilking the membership, local presidents in the great majority of DC 37's 56 locals hid extravagant personal spending habits from the workers they supposedly represented by submitting expense claims directly

to DC 37 rather than to the locals themselves. The council in turn simply deducted whatever the bureaucrats had spent on themselves from dues money that was supposed to be remitted to the locals.

The lawyer for Board of Education Local 372 president Hughes has indicated that he will pursue a psychological defense for his client against anticipated charges of fraud, embezzlement and larceny. Hughes, he will claim, suffered from a 'bipolar disorder' in which he came to see the union's funds as his own. Believing that he was working harder at his post, he decided that he deserved more money and took it.

Whatever Hughes's personal problems--and no doubt they are many--the syndrome his lawyer describes speaks volumes about the nature of the bureaucracy and the terminal decomposition of the existing trade union organizations.

Having abandoned any independent struggle to defend city workers, beginning with the fiscal crisis of 1975 the unions have turned themselves into willing accomplices of City Hall in imposing one set of concessions and layoffs after another. Every job and right surrendered was justified in the name of keeping New York solvent; i.e., keeping up interest payments to the Wall Street banks.

While city workers have seen their living standards stagnate and decline and their unions turned into docile appendages of management, the unions themselves have continued to raise dues, taking in millions from workers' paychecks. The portfolios controlled by union benefit funds, meanwhile, have registered the same record growth rates as Wall Street itself.

Hill and other top bureaucrats earned six-figure salaries--in the DC 37 president's case, more than \$262,000--well in excess of the mayor and other city officials with whom they negotiated. And that is counting only the money they took in over the table.

Who can wonder at these union officials developing 'bipolar' disorders? Functioning as toothless lackeys of an administration that systematically cut wages and replaced union members with welfare recipients compelled to labor in 'work experience' programs, they managed to raise their salaries to 10 times the wages paid to many of the workers they supposedly represent. The union was transformed into an instrument for serving the bureaucracy, which in turn cemented the closest alliance with the right-wing Republican mayor, Rudolph Giuliani.

All of this has taken place in a city that has undergone a social polarization unprecedented in history. A thin but concentrated layer of millionaires and billionaires exercise a stranglehold over economic, political and cultural life, while millions of workers and their families struggle from paycheck to paycheck, living on the edge of the abyss of poverty and homelessness.

The bureaucrats, whatever their pretensions about representing ill-paid city workers, know full well upon which side of this social chasm they stand. When the membership threatened their comfortable setup by voting to reject a

concessions agreement that Hill and his fellow bureaucrats had promised the mayor, these bureaucrats saw steaming open, stuffing and falsifying ballots as the only rational course of action.

Despite the feigned outrage of AFSCME's administrator Saunders, he has been compelled to admit that he himself participated in a number of DC 37's lavishly funded 'leadership conferences,' and has defended them as 'working sessions.' That AFSCME had no knowledge of the corrupt practices within its largest single affiliate is inconceivable.

The union's president Gerald McEntee, meanwhile, is himself still facing investigation over his role in the money laundering schemes that funneled illicit funds back and forth between the Democratic Party and the campaign of ousted Teamsters President Ron Carey.

Among the more far-sighted bureaucrats in the city labor movement, the fear is that the DC 37 crisis will fatally discredit trade unionism as a whole, giving rise to new and more militant forms of struggle by city workers.

'If city workers have the perception that collective bargaining doesn't work,' said Arthur Cheliot, president of Communication Workers of America Local 1180, in a recent interview, 'you could go back to the days when workers did whatever they had to do to get an increase. That would not be in anyone's interest.'

Cheliot, together with other bureaucrats, has appealed to Giuliani to grant workers a 'fraud bonus' in the interest of restoring some shred of credibility to the scandal-mired unions, thereby helping the bureaucracy do its increasingly difficult job of keeping the lid on the class struggle in New York City.

See Also:

Parent union takes control of New York's DC 37  
[8 December 1998]

New York City municipal unions rigged contract vote  
[25 November 1998]



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