

Top AFL-CIO officials, Democrats tied to campaign payoff case

## **Ex-Teamsters official convicted in union election swindle**

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Former Teamsters official William Hamilton was convicted November 19 of six counts of corrupt practices related to the use of nearly \$1 million in union funds to finance the reelection campaign of former union president Ron Carey. A jury deliberated for only two days before returning a verdict of guilt on all counts, including conspiracy, embezzlement, fraud, and making false statements to a federal elections officer.

The five-week trial in federal district court in New York City produced extensive testimony about the role of top AFL-CIO officials and Democratic Party fundraisers in the illegal scheme. The principal evidence against Hamilton came from three other participants in the Carey fundraising effort—Jere Nash, Martin Davis and Michael Ansara—and former Democratic National Committee treasurer Richard Sullivan.

Nash, Carey's 1996 campaign manager, Martin Davis, a Washington-based fund-raiser for Carey, and Michael Ansara, a Boston telemarketing consultant, all pleaded guilty in 1997 to funneling illegal contributions to Carey's campaign. They provided evidence of how \$885,000 in Teamsters union funds were diverted from the union treasury to help finance Carey's 1996 reelection bid, which he narrowly won over James R. Hoffa, son of the former Teamsters president.

Carey's victory was overturned by a federal oversight panel which is the final authority in the union's affairs under the terms of the settlement of a racketeering lawsuit brought a decade ago by the US Department of Justice. The three-member panel later disqualified Carey as president and barred him from participating in a rerun of the election, which was won by Hoffa last year.

The Carey fundraisers provided evidence of the involvement of several top AFL-CIO officials in illegal campaign contributions to the Carey campaign. According to Nash, AFL-CIO Secretary-Treasurer Richard Trumka personally approved a plan under which the Teamsters would give \$150,000 in union funds to Citizen Action, a liberal lobbying group backed by the AFL-CIO, in return for an equal amount in contributions steered by several union officials to Carey's campaign.

The purpose of this arrangement was, in effect, to move funds from the Teamsters treasury to the coffers of Carey's election campaign. It is illegal for a union official to use funds from the organization's treasury to finance his or her election effort.

Moreover, the donations from AFL-CIO sources to Carey's campaign were illegal under federal labor laws, which bar any union from financing candidates in another organization. They included \$50,000 from the AFL-CIO itself, \$50,000 from the American Federation of State, County and Municipal Employees, and \$50,000 from the Service Employees International Union. Nash said that Trumka, AFSCME President Gerald McEntee and SEIU President Andrew Stern were all participants in the fundraising effort.

Trumka has refused to testify about the alleged contribution swapping scheme, either before the New York federal grand jury which indicted Hamilton, or before a congressional subcommittee which held hearings on the affair, citing his Fifth Amendment right to avoid self-incrimination. Although AFL-CIO by-laws require that any union official invoking the Fifth Amendment be disqualified from office, the labor federation has taken no action against Trumka, its

second highest officer.

Nash also charged that an SEIU official agreed to write a sham contract with a direct mail firm working for Carey so that the profits could go into Carey's campaign. The involvement of the SEIU suggests that AFL-CIO President John Sweeney, who was president of the SEIU until 1995 and continues to play a key behind-the-scenes role in that union, could eventually be linked to the Carey fundraising plan. Carey was a major supporter of Sweeney's successful 1995 effort to oust the Kirkland-Donahue leadership of the AFL-CIO.

William Hamilton has consistently denied the charges against him and refused to cooperate with federal prosecutors, who view him only as an instrument of higher-level union officials, including Carey and Trumka. The conviction creates enormous pressure for him to testify, since he faces as much as 30 years in prison and \$1 million in fines when he is sentenced by US District Judge Thomas Griesa.

The conviction could set the stage for further conflicts within the trade union bureaucracy. In a statement issued by the Teamsters national office, Hoffa said he would file a civil suit seeking the return of all funds diverted from the union treasury, which could result in the Teamsters taking the AFL-CIO to court.

Hoffa declared, "Trial testimony revealed that several other individuals participated in the conspiracy that looted the Teamster treasury. We urge US Attorney Mary Jo White and the Justice Department to pursue these individuals to the fullest extent of the law." This statement effectively demands the prosecution of Trumka and other top AFL-CIO officials.

The media coverage of the Hamilton case has downplayed the involvement of AFL-CIO officials and focused almost exclusively on another aspect of the Carey fundraising scheme—the attempt, ultimately unsuccessful, to arrange a contribution swap with the Democratic National Committee.

Former DNC Treasurer Richard Sullivan testified during the trial that Hamilton and a top DNC fundraiser, Terence McAuliffe, had discussed with him a plan in which \$500,000 in Teamsters money would flow to Democratic Party committees in return for a \$50,000 contribution to Carey from a donor recruited by the DNC. This plan failed to materialize because the first proposed donor was rejected by Carey's aides as

unsuitable, since she was an employer, and no replacement was found.

Sullivan testified in return for the dropping of charges against himself. Prosecution of McAuliffe is problematic because no cash changed hands between the Teamsters and the DNC, and would involve conspiracy and intent rather than actual illegal transfers. But both the *New York Times* and the *Wall Street Journal* published editorials hailing the conviction of Hamilton and calling for the indictment of McAuliffe, who is still an active fundraiser, now working for Vice President Al Gore. Only a week before the Hamilton conviction, McAuliffe hosted a dinner at his suburban Washington home that raised \$200,000 for the Gore campaign.

McAuliffe also played a role in the Clintons' purchase of a home in Westchester County, New York, as part of Hillary Clinton's upcoming campaign for the US Senate seat from New York state. McAuliffe provided the initial \$1.4 million loan to buy the house, which produced considerable unfavorable press coverage, before the Clintons obtained a more conventional bank mortgage.



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