

Further revelations of corruption in New York City unions

Alan Whyte

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The latest revelations of mob control of the New York City construction unions are, among other things, a significant expression of the real nature of the trade unions today.

Earlier this month, on September 6, Manhattan District Attorney Robert M. Morgenthau unsealed a 57-count indictment charging 38 union leaders, contractors and reputed mobsters with bribery, bid-rigging, and other racketeering schemes worth millions of dollars. The federal government made separate, but similar charges.

There are 11 union officials named in the state indictment, including Michael Forde, the 46-year-old head of the District Council of Carpenters in New York City and United Brotherhood of Carpenters and Joiners Local 608. Also named are Santo Lanzaflame, 68, president of Local 1 of the Builders and Allied Craftsmen, which represents bricklayers in New York, as well as three business agents and three shop stewards from that union. Officials from Laborers International Union Local 20, which represents cement and concrete workers, were also indicted.

According to court papers, these crimes took place at the same time federal authorities were monitoring the carpenters unions under an earlier consent decree. In 1994, the New York District Council of the United Brotherhood of Carpenters and Joiners, with 30,000 members, entered into the agreement to settle federal racketeering charges. In the late 1980s and early 90s, dozens of gangsters, contractors, and union officials were convicted of schemes similar to the recent offenses.

The state DA has charged the union officials with taking bribes from mobsters in return for helping to drive up the costs of construction projects such as city schools and bridges so that money could be skimmed off the top. The scheme involved billing public agencies and private developers as if all the workers on a construction site were union members being paid top wages and benefits. In reality, cheaper non-union labor was hired, and the savings were used to pay off union officials and create no-show jobs for the mobsters. Morgenthau has estimated that this added about five percent to the cost of these projects.

The indictment is a result of an investigation on different levels. The DA's office examined the payroll records of construction companies and union financial records, placed wiretaps and photographed hundreds of union officials, contractors and organized crime figures as they held, what they believed, were secret meetings. There was also the work of undercover investigators and the testimony of a mob informer, Sean Richard.

Richard explained how the bribes were handed out in bars, restaurants, and construction sites. The union leaders were paid off for their ability to limit the number of union members to work, and allow contractors to hire non-union workers who were not only paid a wage that was well below union scale, but also received no benefits.

For example, he described how he and another criminal associate paid off the union president Michael Forde to reduce the number of unionized carpenters at a renovation project at the Park Central Hotel. He said that the first payment was made during an afternoon while they were consuming beers in a bar.

Richard explained, "I gave him the ten thousand, and he says, 'You know, I really shouldn't be drinking beers while I'm working; the union is cracking down on that.'" Mr. Richard responded, "'You're worried about the beers? What do you think your guys would think about that ten thousand you just took?'" Mr. Forde, who was elected as part of a reform slate in the union, appears to be following the footsteps of his father who was convicted in 1990 for taking bribes while head of the same union local.

The indictments were made as new revelations continue to emerge regarding corruption within District Council 37 of the American Federation of State County and Municipal Employees (AFSCME), which represents 125,000 public employees in New York City. Al Diop, who had been president of the Clerical-Administrative Employees Local 1549 for 29 years, is scheduled for trial on charges that he stole more than \$1 million from the union, in part by using his union credit card to charge hundreds of thousands of dollars in personal expenses. Diop and his former associate,

union director Martin Lubin, have already been found guilty in Manhattan Supreme Court for rigging the local's vote during DC 37's 1995 contract vote. The union officials stuffed ballots with enough fraudulent yes votes to enable DC 37 leaders to claim that the two-year wage freeze they negotiated with the city had passed, when in fact the majority of workers voted against it. This, amongst other things, helped AFSCME maintain its friendly relations with Republican Mayor Rudolph Giuliani, whom they endorsed for reelection.

Charles Hughes, president of Board of Education Local 372 from 1968 to 1998, pleaded guilty on April 19 of stealing \$2 million from Local 372 and DC 37, and is currently serving a 3 to 9 year jail sentence. Hughes billed the local and union district for fraudulent overtime expenses, and used a union credit card to cover personal expenses not only for himself but also for his family, including trips to Israel, Prague, Paris and London. His son Martin, a former Local 372 vice-president, was indicted for grand larceny.

DC 37 officials have been indicted for various schemes, from kickbacks from the purchase of Thanksgiving turkeys for their members, to catering Christmas parties, to using union credit cards for trips to Super Bowl football game.

Despite this sordid picture, the leadership of DC 37 voted last week against direct elections by the members of top union officers. The DC 37 council executive board will continue to be selected by delegates from each of the district's 56 locals. Three of the largest locals, which have historically controlled the union, and which also account for most of the indictments and convictions, voted overwhelmingly against direct elections.

Corruption has been recently uncovered in yet another New York City public employees union, the Transport Workers Union Local 100, where the union has admitted that its eight top officers, including the president and the secretary-treasurer, have used their union credit cards for personal expenses amounting to \$52,000.

The chronic corruption in the ranks of the labor bureaucracy is not limited, of course, to New York City. In Pontiac, Michigan several officials from United Auto Workers Local 594 are under federal criminal investigation for bribery and extortion during an 87-day strike at a General Motor's truck complex. The probe centers on allegations that the local's bargaining committee demanded and received \$200,000 in phony overtime payments from GM, as well jobs in the plant for relatives, in return for ending the strike. High-level international officers have also been linked to the scheme. On September 18, members of the same local sued the leadership for embezzling at least half a million dollars from the union treasury to settle a sexual harassment suit against the local's former president,

Don Douglas, a current UAW international representative.

These revelations are only the tip of the iceberg of the widespread corruption in the AFL-CIO and its affiliated unions. In its social character and outlook the labor bureaucracy has a great deal in common with the lumpen middle-class elements found in the Mafia. On the one hand they crave the luxurious lifestyles of the corporate executives and financial dealers on Wall Street. On the other, they are hostile to hard work and always on the look out for an easy buck. Moreover, they have nothing but contempt for the working class, whom they consider suckers for working for a living.

Although gangsterism and corruption in the unions has existed for a long time, for the most part during the postwar boom the labor officials could sustain their upper-middle class lifestyles through legally-sanctioned relations with the employers and the government. Under conditions of declining membership and dues income, however, it is getting more difficult for labor leaders to maintain their positions in any other way except to steal from their members and establish even closer ties with organized crime.

The government has always known of and in many cases encouraged corrupt and gangster-ridden elements in the unions, particularly, as in the case of the Teamsters union in the 1930s, to battle the influence of socialists. If various government agencies are now bringing instances of union corruption to light and throwing officials in jail it is not to weaken or bust the unions, as some apologists for the AFL-CIO might claim. On the contrary, these cases are part of an effort to refurbish the image of the AFL-CIO—which, after years of corruption scandals and collusion with management, is largely discredited. For the employers and big business politicians, the greatest danger is that workers will draw the conclusion that they must rid themselves of these bureaucratized and corrupt unions and build genuine workers organizations that will defend their interests.



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