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STATEMENT OF  
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HUMAN RESOURCES DIVISION  
BEFORE THE  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
COMMITTEE ON GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
CONCERNING COORDINATION BY THE  
DEPARTMENTS OF LABOR AND JUSTICE  
ON THE INVESTIGATIONS OF  
MR. JACKIE PRESSER, PRESIDENT, AND OTHER OFFICIALS  
OF THE INTERNATIONAL TEAMSTERS UNION



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Mr. Chairman and  
Members of the Subcommittee

We are pleased to appear here today to discuss the results of a request from you and Senator Sam Nunn, dated July 25, 1985, to examine the federal government's handling and coordination of an investigation of Mr. Jackie Presser conducted by the Departments of Labor and Justice and the Federal Bureau of Investigation (FBI). Mr. Presser is currently President of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Union (IBT).

Your July 25th letter expressed concern (1) that Justice had reportedly rejected recommendations of its prosecutors in Cleveland as well as a Cleveland federal grand jury to prosecute Jackie Presser for allegedly authorizing payments to "ghost workers" and (2) that, during the Jackie Presser and other labor-management investigations, lack of coordination was alleged between Labor and Justice, between Justice officials in Washington and those in the field, and between Justice and the FBI. You requested that we independently develop information on these matters as they reportedly evolved in the government's handling of these various investigations, particularly the ghost workers' case.

In later discussions, the Subcommittee staff asked us to concentrate our review on additional investigations involving alleged criminal violations by Jackie Presser and various other

Teamster union officials. The cases we were requested to review and the approximate time of the investigations were:

1. William Presser Teamster Journal Case (1970-71)
2. William Presser Misuse of Travel Funds (1970-73)
3. Audit of Teamster Local 299 (Richard Fitzsimmons) (Detroit) (1970-73)
4. Frank Fitzsimmons (Los Angeles) (Mid-1970's)
5. Audit of Teamster Local 507 of Cleveland (1973-74)
6. Gifts of Bally Stock to the William Presser Family (1975-77)
7. John Trunzo and Red Oxyer (1976-77)
8. Cook United Corporation (Late 1970's)
9. Hoover-Gorin (New York) (1973)
10. Hoover-Gorin (Cleveland) (1981-82)
11. Front Row Theater (1982)
12. Teamster Housing (1982)
13. Nicholas Francis Case (1970-72)

These cases involved alleged criminal violations that apparently were dropped by Justice or for which no indictment was returned, according to the Subcommittee staff. People have alleged to the Subcommittee that the cases may indicate a pattern of Justice's lack of interest or desire in indicting Jackie Presser and his associates and a lack of coordination between Justice and Labor.

Labor could locate no material on the Hoover-Gorin (New York) case, and Justice files provided to us contained no investigative report on Frank Fitzsimmons (Los Angeles). Also, John Trunzo/Red Oxyer and Cook United, mentioned as separate cases by the Subcommittee, were investigated by Labor under a single case number and in fact were considered one case. The 13 cases identified by the Subcommittee were reduced to 10 for our review.

The Subcommittee staff also asked us to

--determine whether there were any other investigative cases involving Jackie Presser or his associates that Labor or Justice had dropped and

--develop cost estimates for the federal government's investigation of the Jackie Presser ghost workers' and the other investigations.

Labor's responsibilities under the federal government's War Against Organized Crime program, established in 1967 under the direction of Justice's Criminal Division, were carried out by the Labor-Management Services Administration (now the Office of Labor Management Standards). As part of the program, Justice established organized crime strike forces to launch a coordinated attack on this serious national problem. The strike forces, which are directed by strike force attorneys, utilize staff and resources from various federal law enforcement agencies as well as Labor. Many Labor personnel served as strike force members from 1970 to 1978.

Since 1978, Labor's work in the strike force program has been carried out by its Office of Organized Crime and Racketeering (now the Office of Labor Racketeering) within Labor's Office of the Inspector General. Labor staff are under the direction and supervision of the Inspector General. The investigators work on investigations involving labor-management, criminal, and labor racketeering activities of labor unions. They coordinate with, and present their investigative results to the strike force and U.S. Attorneys for prosecutive consideration.

Labor's staffs in its Cleveland and Detroit offices performed the investigations and audits of the ghost workers' and other cases we were requested to review.

We did our work primarily at Labor and Justice, where we reviewed records and documents on the cases and interviewed knowledgeable officials. At Labor, this included work at the Offices of Inspector General and Labor-Management Standards in Washington and their field offices in Cleveland and Detroit. At Justice, this included work primarily at the Criminal Division in Washington. We also visited Justice's strike force office in Cleveland. In addition, we interviewed former strike force and Labor officials who worked on the ghost workers' and other cases. We obtained certain cost data from Labor, Justice, and a district court.

## LIMITATIONS ON OUR WORK

There were certain restrictions and limitations on our work. As a result, we were not able to fully achieve our objective of obtaining complete information and data on the ghost workers' and other cases and the coordination between the federal agencies involved in the investigations. For example:

1. Labor's Jackie Presser ghost workers' case file--Initially, Labor's Inspector General agreed to give us access to Labor's files and records on the ghost workers' case. Although he later denied us access because in August 1985 a district court judge in Ohio directed an investigation be made into the handling of the case, we were able to obtain the records from other sources.
2. Lack of records on several other cases--Complete documentation was not available for all of the other cases identified by the Subcommittee. For example, the documents on one case, Nicholas Francis, were sent to storage and later destroyed, according to Labor officials. Also, Labor could locate no material on Hoover-Gorin (New York), and Justice files given us lacked an investigative report on Frank Fitzsimmons (Los Angeles).
3. Limited access to Justice records and officials--Initially, Justice did not allow us access to its records or officials involved in the ghost workers'

and other cases. Later, Justice did give us access to its records, permission to interview certain current and former strike force officials involved in the other cases, and their current locations. But we were denied permission to interview five key officials--including the Cleveland Office strike force attorneys and Washington Criminal Division officials--involved in the ghost workers' and other cases. Justice is conducting a criminal investigation of the Department's handling of the ghost workers' and other cases.

4. Lack of access to grand jury data--Disclosure of grand jury information is generally prohibited by section 6(e) of the Federal Rules of Criminal Procedure. Because the ghost workers' case and some of the other cases had grand jury involvement, Labor and Justice excised portions of this information from files before allowing us to review them.
5. Most other cases old--On all but 3 of the 10 other cases we reviewed, the investigations or audits were performed in the early to mid-1970s. Because of this and the length of time that had passed since they worked on the investigations, some Labor and Justice officials and former officials we interviewed had trouble remembering complete details concerning the cases.

6. The FBI could not cooperate--When we notified the FBI of our planned review, FBI officials could not cooperate because Justice is conducting a criminal investigation of the Department's handling of the ghost workers' and other cases. The FBI's lack of cooperation has continued to date.

#### RESULTS OF OUR WORK TO DATE

Despite these limitations and restrictions to our work, we were able to obtain considerable information from the available investigation records and interviews with Labor and Justice officials.

#### Review of Cases Shows No Pattern

Our review of the 10 cases other than ghost workers does not support the allegations to the Subcommittee of a pattern of lack of interest or desire to indict by Justice or a lack of coordination between Labor and Justice, but rather a variety of results and actions by Justice and the courts on Labor's findings.

For example, in the William Presser Teamster Journal Case, William Presser (Jackie's father) and James Franks (another labor official) were indicted, pleaded guilty, and were fined \$12,000 and \$24,000 respectively for accepting payments from employers for ads in a union organization journal in violation of the Labor-Management Relations Act (Taft-Hartley Act). In the William Presser Misuse of Travel Funds case, William Presser



was again indicted for embezzling about \$3,500 of union funds and falsifying union records. However, Mr. Presser was acquitted by the trial judge, who said that the government failed to prove its case.

In another case, the Audit of Teamsters Local 299 in Detroit, which involved alleged embezzlement of \$2,500 in union funds by Richard Fitzsimmons (son of the late Frank Fitzsimmons, former president of the IBT), a former Detroit strike force attorney told us he wanted to present evidence to the grand jury in hopes of indicting Richard Fitzsimmons. Justice's Criminal Division, however, declined to pursue the charges.

In three other cases, then-Cleveland strike force attorneys declined to pursue the alleged criminal violations uncovered by Labor's investigations because, they told us, they believed the cases lacked prosecutive merit. These cases were the Audit of Teamsters Local 507 (which covered the activities of former officials Harold Friedman, President; Allen Friedman, Vice President; and Jackie Presser, Secretary-Treasurer of the local); the Gifts of Bally Stock to the William Presser Family; and Cook United Corporation/John Trunzo.

A summary of the 10 cases we reviewed is presented in the appendix, which also contains limited information we were able to obtain on the other items classified as cases by the Subcommittee.

Early Labor and Justice Coordination Good  
But Deteriorated Later

Our review showed that coordination between Labor and Justice's Cleveland strike force and Criminal Division in the early days of the strike force was very good, but the coordination deteriorated during the later stages of the ghost workers' case.

We base our comments on coordination in the ghost workers' case on our review of Labor records and interviews with Labor officials. As we were not allowed to interview key Justice or FBI officials or review records, we are unable to present the views of these agencies on coordination. We interviewed most of the principal Labor and Justice officials, both current and former employees, involved in the investigations, but not five key Justice officials currently involved in the ghost workers' case. The investigators and attorneys we interviewed generally characterized as good the coordination between Labor and the involved strike force, except for the later stages of the ghost workers' case.

Among the examples of such coordination mentioned were:

- Attorneys and investigators held discussions on the status and direction of the case;
- Investigators provided copies of interview writeups to the attorneys; and

--A Labor employee was the agency's representative to the strike force.

Often, these interactions were enhanced by the fact that the strike force and Labor offices were closely located.

Comments by Labor and Justice officials interviewed on coordination ranged from "more than satisfactory" to "excellent." For example, Labor's Office of Labor-Management Standards Area Office Administrator in Cleveland, also Labor's representative to the Cleveland Strike Force through 1973, called the coordination between the area office and the strike force excellent. Likewise, Justice's Senior Counsel for International Law Enforcement, who established the Cleveland strike force and was its first chief attorney, told us the relationship with Labor was very good. He said Labor's representative on the strike force did outstanding investigative work.

Regarding the ghost workers' case, when the investigation started in 1982, there was good coordination between Labor's Office of Labor Racketeering in Cleveland and the Cleveland strike force, our interviews with Labor officials and review of records indicated. But later, in late 1984 and early 1985, the Cleveland office, as well as the Inspector General, became dissatisfied with the coordination on the case. For example, in April 1985, the head of the Office of Labor Racketeering in Cleveland became unhappy with strike force attorneys after they returned from a meeting in Washington where Justice officials

had instructed them not to consult with him during the final stages of the investigation and consideration of whether or not to indict Jackie Presser. Generally in such cases, Labor and Justice officials consult on whether to indict.

The ghost workers' case prompted concern in 1984 on the part of the Labor official responsible for it, the Deputy Inspector General. The length of time Justice was taking to decide whether to indict and to prepare the prosecutive memorandum, plus his belief that Justice was not giving the case the highest priority caused him to visit Cleveland twice that year, he told us. Also he expressed concern about Justice's decision to bypass part of Labor and only deal directly with the Inspector General on the matter.

Labor's Inspector General said Labor, having completed its work in November 1984, had done everything they possibly could on the case but Justice did not decide to close the case until July 1985. He told us that Justice and Labor could have resolved the case sooner had there been more coordination between the agencies.

Agency Cost Records On the  
Ghost Workers' And Other  
Investigations Incomplete

Labor, Justice, and the FBI were principally involved in the ghost workers' and other investigations. Two federal

district courts also incurred costs for some of the cases, and Justice incurred costs convening grand juries. As of May 1, 1986, we had received estimated costs of these investigations, from Labor and Justice and one of the federal district courts that was involved as follows:

<u>Agency or court</u>	<u>Estimated costs</u>
Labor	\$691,369
Justice	402,500
U.S. District Court of Northern Ohio	<u>14,795</u>
Total	<u><u>\$1,108,664</u></u>

We note that Labor's figure only represents its Cleveland offices costs and Justice's figure represents only salaries for attorneys working on the ghost workers' and other cases and does not include the FBI's costs. We did not verify the cost data. Here are some details.

Labor

Within Labor, the Offices of Labor Racketeering and Labor Management Standards incurred costs relating to the ghost workers' and other investigations. The Office of Labor Racketeering estimated its costs as follows:

Salaries	\$385,602
Travel	55,542
Services	<u>225</u>
Total	<u><u>\$441,369</u></u>

These figures, representing direct costs incurred by Labor's Cleveland Office of Labor Racketeering on the ghost workers' case plus others, were obtained from special agent monthly time reports, travel vouchers, and invoices for outside services rendered in connection with the investigation, according to a September 20, 1985, memorandum from the chief of the Cleveland office. These costs should be considered as minimum costs, the memorandum noted, as they contain no overhead or costs related to collateral investigations conducted by other offices and services performed by the national office.

The Office of Labor Management Standards national office had no time records or case files on the other cases from which to accumulate costs, according to its national office officials.

An estimated \$250,000 was spent by the Office of Labor Management Standards' Cleveland area office on the following cases: William Presser Teamster Journal, William Presser Misuse of Travel Funds, Audit of Teamster Local 507 of Cleveland, Gifts of Bally Stock to the William Presser Family, and John Trunzo and Cook United. This estimate came from the administrator of that office in a memorandum to us of April 28, 1986.

Justice

Justice's costs for the ghost workers' and two other cases break down as follows:

Ghost Workers	\$367,500
Hoover-Gorin	25,000
Front Row Theater	<u>10,000</u>
Total	<u>\$402,500</u>

The figures represent approximate salary costs of Justice attorneys involved in these cases and do not include costs incurred by the FBI or other investigative agencies, according to a December 26, 1985, memorandum to us from the Deputy Assistant Attorney General, Criminal Division. Justice could provide no meaningful cost data on the other cases (which occurred in the early 1970s), he said.

Also, Justice incurred salary costs of \$45,000 in responding to congressional committee inquiries regarding the ghost workers' and other cases, the Deputy Assistant Attorney General estimated. This included the salaries of attorneys and paralegal personnel who compiled documents and answered requests for information about the underlying investigations.

Justice could not provide costs of grand jury investigations involving the ghost workers' and other cases,

the Deputy Assistant Attorney General informed us in a memorandum of April 28, 1986. He stated that, with respect to the other cases, Justice was unaware of any records that would yield meaningful figures relating to grand jury time or expenses. Because of the ongoing internal investigation by Justice's Office of Professional Responsibility of the ghost workers' case, he said, it was impossible for the Department to supply cost information at that time.

#### FBI

On March 7, 1986, we requested cost data from FBI officials on the ghost workers' and other cases. On March 17, 1986, the FBI responded by stating it was requesting permission from Justice's Office of Professional Responsibility to give us cost data. On April 29, 1986, the Justice informed us that it had no problem with the FBI giving us cost information on the cases other than the ghost workers' case. As of today we have not received this information.

#### U.S. District Court

Of the other cases we reviewed, three--William Presser Teamster Journal, William Presser Misuse of Travel Funds and Nicholas Francis--resulted in action at the U.S. District Court for Northern Ohio, as did two other cases associated with



the ghost workers' case--Allen Friedman and Jack Nardi. The court spent about \$14,795 in salaries and expenses on these five cases, according to an April 22, 1986, memorandum to us from the clerk for the District court.

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Mr. Chairman, this concludes my prepared statement. We will be pleased to respond to any questions that you or other members of the Subcommittee may have.

SUMMARY OF DEPARTMENT OF LABOR  
INVESTIGATIVE CASES ON JACKIE PRESSER  
AND OTHER TEAMSTER UNION OFFICIALS  
REVIEWED BY GAO

Below is a brief summary of investigative cases conducted by the Department of Labor's Labor-Management Services Administration (now the Office of Labor-Management Standards) Cleveland and Detroit Area Offices in cooperation with the Department of Justice's Cleveland and Detroit Strike Forces. The investigations cover the activities of Jackie Presser, President, IBT, and other Teamster Union officials.

1. William Presser Teamster Journal Case

In May 1970, Labor began investigating employer contributions to the Ohio Teamster Journal, a publication sponsored by Joint Council No. 41 of the IBT, and the possibility that the Journal was not actually published.

The investigation disclosed that William Presser, then President of Joint Council No. 41, had designated James Franks to operate the Teamster Journal. Total Journal receipts for the period 1964-1969 amounted to \$594,398. Mr. Franks received about \$468,028. Solicitation for ad space was made among trucking companies and other firms relying on truck transportation. However, complete issues of the Journal were published only in 1966 and 1970. There was no uniformity in the amounts employers paid for similar ads; distribution of the

Journal was erratic; and some advertisers did not receive any copies of the Journal. Employers were given the impression at the time of solicitation that purchasing of an ad would guarantee freedom from labor problems.

In July 1970, William Presser and James Franks were indicted by a grand jury in Cleveland for 23 counts of accepting payments from employers by a labor organization in violation of the Labor Management Relations Act of 1947, as amended (the Taft-Hartley Act), and 1 count of conspiracy. Both entered pleas of not guilty to all counts of the indictment. On January 22, 1971, William Presser pleaded guilty to 8 of the 23 counts. He was fined \$12,000. The conspiracy count was left outstanding until the case against James Franks was resolved and then dismissed. James Franks pled guilty on December 9, 1971, to all 24 counts and was fined a total of \$24,000. Mr. Franks had also been charged by the Internal Revenue Service in February 1971 in Chicago for failure to file income tax returns. These charges were dismissed when Mr. Franks pleaded guilty on the Journal case.

One investigator on the case told us that during the investigation he was working under the assumption that William Presser would be indicted under a Hobbs Act violation. He told us he was disappointed in the case outcome but accepted it as a legal decision.

## 2. William Presser Misuse of Travel Funds Case

In October 1970, Labor again investigated the Teamsters Joint Council No. 41 because the Council's 1969 annual report did not reflect expenses paid to Council officers, including President William Presser. It was believed that either the report was false or the expenses were charged elsewhere. The investigation found that Mr. Presser (1) authorized payment of airline transportation for his family members and for an associate of his wife, (2) made nonbusiness trips at Council expense, and (3) caused the sale of a Council automobile valued at \$2,700 to a former Council business agent for \$1.

William Presser was indicted by a grand jury in Cleveland on June 9, 1971, on four counts of embezzling about \$3,500 and one count of causing false records to be made in union books and records. He pleaded not guilty to all counts at his arraignment in the U.S. District Court for the Northern District of Ohio.

Labor investigators told us that in William Presser's jury trial on June 11 and 12, 1973, in the District Court, the defense counsel argued that the amounts had been reimbursed to the Council by Mr. Presser. The investigators, however, had not found the reimbursements in the records they had reviewed. One investigator told us that there may have been some limitations in what records they could review, but he could not recall who imposed the limitations. The prosecutor for the case told us

that the government was aware of evidence regarding the reimbursement, but it decided to go forward with the case. According to Labor-prepared documents, the judge granted the defendant's motion for direct acquittal on all counts of the indictment after the government had presented its case and said that the government had failed to prove beyond a reasonable doubt that the defendant had violated the law.

### 3. Audit of Teamster Local 507

In February 1973, Labor began investigating Teamster Local 507. Previous Cleveland Strike Force investigations had indicated possible misuse of the Local 507's funds. The investigation included a review of the local's financial and other records.

The Labor investigator who did most of the work on the case told us that his examination revealed no actionable violations, i.e., violations of labor laws such as the Labor-Management Reporting and Disclosure Act. In a December 1973 report to the head of the Cleveland Strike Force, he noted the close relationship between Teamster Local 507 and Bakery Workers Local 19 officers; the phenomenal growth of Local 507 since it was chartered in 1966; the unique control exerted over Local 507 by Harold Friedman (President), Allen Friedman (Vice President), and Jackie Presser (Secretary-Treasurer); and the structure and operation of the local, which inhibited members' direct participation in the local's affairs. In addition, the report identified a number of other areas that required further review.

In August 1974, Labor closed the case on the advice of the head of the Cleveland Strike Force, following his review of the investigation report. Because Justice denied us permission to interview him, we do not know why the case was closed or other areas were not further reviewed.

#### 4. Gifts of Bally Stock to the William Presser Family

In March 1975, Labor began an investigation of gifts of Bally Manufacturing Company stock to members of the William Presser family during the time that Bally received substantial loans from the Teamsters Central States Pension Fund. William Presser was a trustee and a member of the Fund's Executive Committee at the time of the loans. Labor's investigation included examining of records of both Bally Manufacturing and the Fund and records obtained from the Nevada Gaming Control Board.

According to Labor documents, the investigation disclosed that (1) in February 1972, the William Presser family received gifts of about \$120,000 of Bally Manufacturing Company common stock from the personal account of Sam Klein, principal stockholder and officer of Bally; (2) in April 1972, the Fund loaned \$6 million to Bally; (3) in August 1973, the Presser family received additional gifts of Bally stock worth about \$16,500 from Sam Klein; and (4) in January 1974, the Fund loaned Bally an additional \$12 million. According to

Mr. Klein's attorney, the gifts were part of Klein's estate planning and there had been no attempt to conceal the gifts, which had been reported to the Securities and Exchange Commission. The review also disclosed that Mr. Klein had made other gifts totaling about \$1 million to other individuals in Cleveland in February 1972.

In its investigative report, Labor stated that its investigation failed to clearly establish that the gifts of stock to the William Presser family were granted in an attempt to influence the Fund's Executive Committee into approving the loans to Bally. A Cleveland Strike Force attorney who worked on the case told us that although the investigators pursued all of the leads on the case, they were unable to establish the "quid pro quo"--that something was given or received for something else. An investigator on the case told us that the investigators could not prove anything beyond what was in the records, which was circumstantial evidence. The then-head of the Cleveland Strike Force, after reviewing the investigative results of the case, directed that no further investigation be conducted in view of the lack of direct evidence of a violation. Labor closed the case in April 1977.

##### 5. Investigation of Teamsters Local 299

In May 1970 the Detroit Strike Force began a comprehensive investigation of Teamsters Local 299 in Detroit. As part of the investigation, Labor developed the following two cases.

Richard Fitzsimmons Case

One aspect of Labor's investigation concerned allegations that Francis R. (Richard) Fitzsimmons, a business agent with the local, had allowed family members to use a union gasoline credit card for personal purposes and that he had charged other personal purchases to the union. Richard Fitzsimmons is the son of the late Frank Fitzsimmons, former Vice President and acting President of Teamster Local 299 and of the IBT.

The lead investigator on the case told us that the investigators had identified about \$2,500 in gasoline charges in their investigation. The former Detroit Strike Force attorney on the case told us that both he and the head of the Detroit Strike Force recommended that Richard Fitzsimmons be indicted for embezzling union funds, but that officials in Justice's Organized Crime and Racketeering Section in Washington did not agree. Despite additional work by the Labor investigators to strengthen the case, on January 4, 1973, Labor was informed that the case had again been reviewed by officials in Washington and that they had decided to stand by the original decision to decline prosecution. The attorney told us that Justice had indicated that the amount involved was too small. An investigator on the case told us that other cases for similar amounts were being prosecuted in that time period, as illustrated below.



According to Justice officials, Richard Fitzsimmons was convicted on RICO conspiracy charges in Detroit in 1979.

Donald Davis Case

Another aspect of the investigation dealt with Donald Davis, an organizer of the Central Conference of Teamsters who worked under the direction of Rolland McMaster, the acting principal officer of Local 299. Labor investigators reviewed books and records of the local and contacted hotels and restaurants to determine if Davis had submitted false claims for reimbursement. According to a June 1972 Labor report, the investigation disclosed that Davis had submitted false receipts to the union totaling about \$1,600. In addition, certain lodging, automobile, and travel expenses totaling about \$1,800 that were not normally considered by the local as reimburseable expenses were also paid. Both an investigator and the former Detroit Strike Force attorney told us that they believed Labor had a strong case against Davis.

On September 20, 1972, Donald Davis was indicted by a grand jury in Detroit on four counts of embezzling union funds and making false entries in union records. He pleaded not guilty to all counts, and in a 1973 jury trial was found not guilty on all counts.

6. Nicholas Francis Case

According to records of the U.S. District Court, Northern District of Ohio, on July 23, 1970, Nicholas Francis, president

of Teamster Local 416, was indicted by a grand jury in Cleveland on two counts of embezzlement of union funds and four counts of making false union records. On April 26, 1972, an order for dismissal of the indictment was filed and approved by the same court.

The Francis case was investigated by Labor's Cleveland office. We discussed the case with two Labor investigators and three former Cleveland Strike Force attorneys who worked on the case, but they could not provide us with many specifics. According to Labor, the investigative case file was sent to records storage in 1976 and destroyed in 1982.

The investigators told us that the investigation found that Patrick Catalano, former president of Teamsters Local 416, and Nicholas Francis, then secretary-treasurer of the local, spent \$16,000 to \$20,000 at the Theatrical Grill in Cleveland and charged the expenses to the union. (Newspaper articles at the time of the indictment reported the amount involved as about \$14,000.) According to one investigator, he believed that they had developed a case against Nicholas Francis. He also told us that Patrick Catalano had disappeared in 1968 and was presumed to have been murdered. None of the investigators or former strike force attorneys we talked with could remember why the indictment against Francis was dismissed. One investigator thought there was some problem with the form of the indictment--i.e. the number of counts that should have been

included. He also told us that the former head of the Cleveland Strike Force told him that Nicholas Francis would be reindicted, but that this did not occur.

7. Cook United Corporation/John Trunzo Case

In October 1974, the Cleveland Strike Force requested that Labor investigate two allegations to determine whether any violations of the Labor Management Relations Act or the Labor-Management Reporting and Disclosure Act had occurred. The first allegation was that an unnamed management official at Cook United Corporation made a payment to an unidentified official of Teamsters Local 507--which, if true, would be a violation of the Labor-Management Relations Act. The payment was allegedly in connection with a wildcat strike by members of Local 507 employed at Cook and made to insure that the union would not interfere on the striking members' behalf. According to its report of the investigation, Labor failed to substantiate this allegation.

The second allegation was that a Local 507 official who was extracting payments from an unnamed employer was later discharged by the union; that the union reimbursed the employer; and that the union classified the payments in its records as the repayment of a loan. If true, these actions would be violations of both acts. According to Labor's case report, the investigation found that only one employee--John Trunzo--had been terminated by Local 507 during the period covered by the

allegation and the reason provided in union records for this was for poor health. Trunzo's employment as a business agent of the Bakery Workers Local 19 and plan administrator of Local 507 pension fund was also terminated at the the same time. He received about \$31,000 in severance pay from these positions. Although the investigators found that one of Trunzo's severance checks was cashed by a trustee of Local 507's pension fund, Mr. Trunzo insisted that he received the proceeds of all of his severance checks.

Labor's report also states that the investigation established that John Trunzo had filed a false application for a loan at a bank and that the strike force attorney on the case submitted a prosecutive memorandum recommending that Trunzo be indicted. The strike force later directed that no further investigation be performed and the case be closed. A Labor investigator told us that he believes the decision not to prosecute Mr. Trunzo came from Justice in Washington. Neither the former strike force attorney nor another Labor investigator could provide us details on the case. Also, Justice would not allow us to discuss the case with Justice officials in Washington. Labor closed the case on February 22, 1977.

#### 8. Hoover-Gorin (Cleveland) Case

In August 1981, Labor's Cleveland office began investigating allegations that Jackie Presser, then Vice

President of the IBT, was a recipient of a large sum of money from a public relations firm that had a contract with the IBT. According to a Labor summary of the case in a series of articles in late August 1981, the Cleveland Plain Dealer had alleged that Jackie Presser was the recipient of about \$300,000 in illegal kickbacks from Hoover-Gorin and Associates during the period August 1972 through June 1974. The article relied heavily on information supplied by Harry Haler, an original investor in Hoover-Gorin.

Labor's investigators conducted interviews, subpoenaed documents, and Labor auditors performed financial analyses. A Labor official responsible for overseeing the case told us that all of the evidence pointed to the fact that there were kickbacks to Jackie Presser and that Labor was very optimistic about getting an indictment.

According to the same official, the head of the Cleveland Strike Force informed him that the Hoover-Gorin case was being closed. An early October 1982 Cleveland Plain Dealer article quoted Jackie Presser's attorney as having received a letter from a Justice official in Washington stating that the investigation regarding the Hoover-Gorin case was closed. According to an investigator on the case, a strike force attorney had told him that the case was closed because there were doubts about the credibility of a primary witness. Justice did not allow us to discuss this case with the head of the Cleveland Strike Force or with the Washington Justice official.

9. Front Row Theatre (Cleveland)

In early 1982, Labor began investigating the possibility that the Front Row Theatre had been used as a vehicle to provide about \$1 million to Jackie Presser. This review was one of several leads being pursued by Labor in its overall investigation of Jackie Presser. Mr. Presser had been quoted in the press that he had become a millionaire from dealings in the Front Row Theatre. The theatre in Cleveland is an entertainment arena featuring live performances by musicians and entertainers.

We discussed the case with the Labor investigators and officials having responsibility for the case and reviewed available documents from the investigation. According to the Labor investigators, the transactions involving the Front Row Theatre were suspect. The investigators found that Jackie Presser had invested in the theatre before it was sold to a large company for about \$1 million more than its market value. That company then sold the Front Row Theatre back to its original owners, less Jackie Presser, and the extra million dollars. The investigators believed that there was some connection between the Front Row Theatre transactions and the granting of loans by the Teamsters' Central States Pension Fund to the theatre.

One Labor investigator told us that the Front Row Theatre case was a very solid case and he believes that Mr. Presser and others could have been indicted for embezzlement of union funds,

extortion, bribery, and conspiracy. He told us that all they had to do was to analyze loans from the pension fund and develop the "quid pro quo." Another investigator told us that they were ready to go to the grand jury to develop the evidence they needed, but that the case did not get that far. He told us that although the strike force did not order the Front Row Theatre investigation stopped, neither did it provide direction to Labor on the case. Another investigator told us that at the time the investigation stopped, Labor had not proven its case. He also said that the strike force appeared much more interested in devoting its resources to the ghost workers case.

Justice would not allow us to discuss this case with officials of the Cleveland Strike Force or Justice in Washington.

#### 10. Teamster Housing

In early 1982, Labor's Cleveland office investigated a lead that Jackie Presser may have been receiving kickbacks from a company that was managing Teamster housing units in Ohio. This was part of Labor's overall investigation of Jackie Presser. We discussed the case with Labor agents. We were not able to discuss it with Justice or strike force officials. The former head of Labor's office in Cleveland told us that they did not find sufficient evidence to support the allegation and that a consensus was reached on this with the strike force. One of the investigators on the case told us that he thought they had

sufficient evidence. None of the individuals we talked with could provide details of the investigation, nor was there much on the investigation in Labor's files.

#### Remaining Cases

There were two other cases we were requested to review but, as noted below, a lack of adequate records and documents prevented such a review.

##### Hoover-Gorin (New York)

We were unable to find out much about this case. We requested documentation on the case from Labor and Justice officials but they were not able to locate any relevant material. In reviewing Labor documentation for a 1981 case involving Hoover-Gorin, we found some information on the case, as noted below.

In December 1973, a Federal grand jury subpoena was requested and served at the request of the Manhattan Strike Force. The subpoena required the production of nearly all of the books and records of Hoover-Gorin and Associates of Las Vegas. A 1981 Labor report noted that it had not yet determined the exact nature of the grand jury investigation, nor were records obtained under the subpoena found.

##### Frank Fitzsimmons (Los Angeles)

The files Justice provided us did not contain an investigative report on this case. However, in mid-1970's the FBI apparently investigated Frank Fitzsimmons and a prepaid



health plan called People's Industrial Consultants. The case was allegedly worked by the Los Angeles Strike Force.