

NOTICE

April 4, 2023

To: Officers and Members of Teamsters Local 731
Burr Ridge, Illinois

From: Sean M. O'Brien, General President

Effective immediately, Teamsters Local 731 is placed in an emergency trusteeship. This results from a deeply troubling pattern of repeat violations and failure to act in the interest of the members by Local 731 Principal Officer Terry Hancock and the Local 731 Executive Board.

In each of the last four consecutive audits of Local 731's books and records, dating back to 2012, the International Union's auditors have found numerous and repeated instances of significant financial wrongdoing and violations regarding the operation and administration of the local.

Principal Officer Hancock and the Local 731 Executive Board have repeatedly been instructed to stop their violations and correct these matters over multiple audit periods. They have failed to do so.

Hancock and the Local 731 Executive Board have a years-long pattern of using their positions to enrich themselves at the expense of the local and its membership, in derogation of their legal duties and responsibilities.

I am exercising the authority vested in the General President by Article VI, Section 5 of the International Constitution to impose an emergency trusteeship over the affairs of the local. Immediate action must be taken to ensure that a decade-long culture of misuse of local union assets and blatant disregard and violation of policies are finally stopped at Local 731.

The specific reasons for the trusteeship include the following gross violations:

- 1.) The local union has committed financial malpractice and wrongdoing, including numerous instances of credit card misuse by Principal Officer Hancock and other officers and employees of the local. These expenses include a **pedicure** charged by Hancock, as well as expenditures for a leather **Coach™ bag**, truck and roof spoilers for union vehicles, and **\$15,914.01** spent on **alcohol** at Gibson's and other bars and steakhouses.

International Auditors uncovered **198** instances of missing **credit card** receipts, receipts with no explanation or documentation that they were for legitimate union purpose, non-itemized receipts, and receipts showing inappropriate expenditures totaling **\$26,243.37**.

There were **47** instances concerning reimbursement **checks** that involved missing receipts, non-itemized receipts and inappropriate charges for expenditures determined to be unrelated to union business or excessive, totaling **\$65,944.67** and including two separate expenses incurred at Gibson's Bar and Steakhouse for **\$18,813.14** and **\$18,221.61**.

Principal Officer Hancock is the primary offender in these violations.

- 2.) Local 731 Executive Board members paid themselves **\$303,975.93** in year-end bonuses without required membership approval, from 2018-2022.
- 3.) Local 731 paid **\$924,020.37** in donations and contributions without the required approval of the membership, from 2018-2022.
- 4.) Local 731 was instructed in writing at the conclusion of audits between 2012-2015 and 2015-2018 to comply with the International Union's Constitution regarding payment of dues. The local did not comply with these directives. In the most recent 2023 audit, International Auditors sampled 26 of the local's contracts and found 25 were not in compliance. This demonstrates the local's blatant disregard of its responsibilities and that it is not conducting its affairs in accordance with the International Constitution and local bylaws.
- 5.) The 2023 audit commenced in January 2023. Since then, the Local 731 Executive Board has obstructed the audit by refusing to provide requested information and documentation in a timely manner.

The improprieties and wrongdoing identified above are not an exhaustive list. It is clear that Principal Officer Hancock and the Local 731 Executive Board's financial violations and other failures to conduct the local's affairs in accordance with the International Constitution, local bylaws, and federal law are pervasive and will continue absent an emergency trusteeship, which I am hereby imposing.

The International Union has an obligation to ensure that all its affiliates are operating in accordance with recognized fiduciary standards, as well as the Teamsters Constitution and applicable law. I have therefore appointed Brother Pat Darrow to serve as Temporary Trustee of Local 731. The members of Local 731 will soon receive a Notice of Hearing to determine whether the temporary trusteeship shall be continued. Any members of the local union will have the opportunity to address the hearing panel.

A copy of this notice shall be posted immediately in the local's headquarters and in such places to ensure the members of Local 731 are informed of the emergency trusteeship. I urge all members of Local 731 to cooperate with the efforts of the Trustee to investigate these matters. The purpose of trusteeship is for members to receive the representation that you are entitled to and deserve.

Fraternally yours,

A handwritten signature in black ink, appearing to read "S.M. O'Brien", with a stylized flourish at the end.

Sean M. O'Brien
General President

SMO/egb