

## Media Articles on Law Firm

### Labor Department Orders Hearing Over Trusteeship By Hotel Employees Union

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CHICAGO--More than a year after the Hotel Employees and Restaurant Employees International Union slapped a trusteeship on Chicago-based Local 1, the Department of Labor ordered the union to conduct a hearing to validate the trusteeship.

The Labor Department's announcement comes as the trusteeship announced a series of successes, including a new collective bargaining agreement with Levy Restaurants Corp. The agreement covers more than 2,000 bartenders, food servers, cooks, bus boys, and concession workers employed at Chicago's two largest convention centers.

Following an investigation of alleged violations of Title III of the Labor-Management Reporting and Disclosure Act, the Labor Department's Office of Labor Management Standards concluded that HERE had failed to hold a hearing either before the imposition of the trusteeship or shortly after its imposition. In a Nov. 29 letter to the international union, OLMS's enforcement division chief Lary Yud said the agency found that the union, "appears to have had an allowable purpose for imposing the trusteeship." At the same time, Yud called on the union to hold a hearing to, "rectify the trusteeship's lack of validity under Section 304(c) of the LMRDA."

Henry Tamarin, who has served as trustee over Local 1, said he intends to comply with the OLMS finding shortly after the beginning of the New Year. Local 1 represents approximately 14,000 of HERE's 260,000 members.

"I look forward to inviting all members of Local 1," he said. "We'll make sure there is ample notice to the members of the date and location."

John Wilhelm, HERE general president, imposed a trusteeship over Local 1 on Nov. 29, 1999. At the time, Wilhelm described the trusteeship as "voluntary" and contended that the trusteeship was based on the local's financial problems and its emerging challenges with organizing.

Such views contrasted in tone with a report written in 1998 by a court-appointed monitor, who concluded that the local had for years been burdened by fraud, financial mismanagement, nepotism, cronyism, and undemocratic practices and, "should have been placed in trusteeship many years ago." Local 1 had been the home base of Edward Hanley, the longtime general president of HERE who was forced to resign in 1998 based on allegations of financial improprieties involving union funds.

A small group of Local 1 members requested the dissolution of the trusteeship earlier this year and filed formal complaints with OLMS. The agency's subsequent investigation found no

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grounds for the removal of the trusteeship, but concluded that the trusteeship had not been validated through a hearing involving members of the local.

Martin Prieb, one of the Local 1 members who requested the OLMS investigation, said he looked forward to expressing his views on the future of his local during the hearing. At the same time, Prieb said he still was suspicious about the international union's intentions with respect to Local 1.

"I think Wilhelm will use the hearing as a tool to justify the trusteeship," Prieb said. "We remain steadfast in our conviction that his intentions are suspicious at best. The trusteeship has seriously undermined the democratic processes within this local. We hope Wilhelm will someday come clean with the members."

Tamarin said no determination has been made about the duration of the trusteeship or the election of new officers. He said those decisions would be made by HERE's executive board. Tamarin noted that Local 1 continues to struggle with significant financial problems, and efforts are being made to place it on firm financial ground. Toward this end, he said significant progress has been achieved, including:

- the local's debts have been cut from \$1.2 million to approximately \$1 million;
- the salaries of 10 staffers have been slashed by 10 percent;
- stipends for members of the local's executive board have been eliminated;
- a program waiving the dues of union stewards has been eliminated;
- the auto leasing program for local officials has been eliminated; and,
- less expensive parking options for Local 1 staffers have been located.

In addition, Tamarin said Local 1 members soon would see their monthly dues increased \$1.30 to improve the local's financial position. Tamarin suggested that the increase was reasonable because Local 1 members have enjoyed relatively low dues for several years. Members of Local 1 currently pay \$27.30 per month in dues, compared with their brothers and sisters in New York, Washington D.C., and Los Angeles who pay \$49.31, \$38.10, and \$34.50 respectively.

## **New Restaurant Contracts Reached**

More importantly, Tamarin said the trusteeship recently reached collective bargaining agreements with Chicago-based Levy Restaurants. The company operates concession and banquet services at McCormick Place and Navy Pier--Chicago's two largest and most prominent convention centers. The two agreements provide workers with approximately 4 percent annual wage and benefit improvement over three years.

The agreement affecting 200 full time workers at McCormick Place and 1,500 part-time workers is retroactive to Jan. 1, 2000. The agreement affecting 60 full-time workers and 500 part-time workers at Navy Pier is retroactive to Dec. 1, 1999. Tamarin said the agreements were ratified by an overwhelming percentage of Levy workers in a vote during the first week in December.

***Stuart Korshak, a Los Angeles attorney who represented Levy in the negotiations, said the two contracts feature several important improvements and innovations.*** Tipped employees will gain an average 20 cent per-hour wage increase during each of the three years. Non-tipped employees

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will gain a 42 cent per-hour wage increase during each of the three years. He said the average worker at McCormick Place currently earns \$11.31 per hour and the average Navy Pier employee earns \$12.01 per hour. Other improvements include:

- two paid sick leave days--a first for such workers in Chicago;
- ratification bonuses of \$250 for non-tipped workers and \$125 for tipped workers;
- a revised and "more rational" seniority system;
- a new grievance mediation procedure, which allows for swifter, less expensive nonbinding resolutions without attorneys;
- and, new language giving the employer and the local an opportunity to negotiate over subcontracting.

The contract also resolves a significant disagreement between banquet servers and Levy. Several Local 1 members have contended that the company for several years denied gratuities due them for work performed during major events sponsored at the two locations. Grievances filed against the company asserted that some percentages of such gratuities actually were distributed to managers, who were not entitled to such payments. The allegations also were investigated by the Department of Labor.

But Tamarin said the new contract seeks to resolve the disagreement by providing such "misdirected" payments back to banquet staffers. Under the agreement, an independent auditor is reviewing past practices and billing documents to develop a reasonable settlement total to distribute to banquet workers. Tamarin said the contract suggests a settlement of at least \$343,000, but the actual total could be higher following a final audit.

Some rank and file workers have suggested that \$343,000 is too low and have called for continued Labor Department scrutiny of the matter. But Tamarin said the contract provides Local 1 members with a fair resolution to the problem.

"Certainly there are sides that haven't completely accepted this," Tamarin said. "There are folks with political axes to grind and others who just want more money in their pocket. My feeling is that this is a fair and safe system to have some group out there that is independent of the company and the union review the situation and recommend a solution."

***Korshak said the agreement is innovative on several other fronts. He noted that the agreement includes "living contract" terms, which replace the traditional "zipper clause" provisions with language that allows each side to discuss issues of particular complexity during the course of the agreement. It also creates study teams to work on issues including staffing, use of temporary workers, recruitment, and cross training. Finally, Korshak said the two sides were able to streamline a contract that had previously been, "very long, very vague and very ambiguous."***

***"It is the shortest, clearest labor contract we've had in Chicago in quite some time," he said. "This contract should make it easier for managers to manage and for members to understand their rights."***