

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

SEAN M. O'BRIEN

General President

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NOTICE

June 30, 2023

TO: The Officers and Members of Teamsters Local Union No. 731
Burr Ridge, Illinois

FROM: Sean M. O'Brien, General President

RE: Decision on Whether to Continue Trusteeship Over Local Union No. 731

Pursuant to the authority vested in the office of the General President by Article VI, Section 5 of the International Constitution, an emergency trusteeship was imposed over the affairs of Teamsters Local Union No. 731 ("Local 731") effective April 4, 2023. Thereafter, on May 11, 2023, a hearing was conducted before a Hearing Panel consisting of Brothers Mike Smith, Trevor Lawrence, and Peter Finn. The purpose of the hearing was to recommend whether the trusteeship should be continued.

The Hearing Panel gave the Temporary Trustee an opportunity to present evidence in support of the trusteeship and its continuation. The Temporary Trustee, Brother Pat Darrow, accepted that opportunity. He presented both testimony and written evidence in support of his stated position that the trusteeship should be continued. The officers of Local 731 were given the opportunity to present documentary evidence and arguments in opposition to the trusteeship and its continuation. None of the officers of Local 731 chose to present evidence or arguments in opposition to the trusteeship. Local 731's former principal officer, Brother Terry Hancock, did not appear for the hearing, despite having been notified well in advance of the date, time, and location of the hearing. Additionally, approximately two hundred (200) members attended the hearing. I wish to express my thanks to the members of Local 731 who attended the hearing or submitted written comments to the Hearing Panel. Your views and comments are very important and greatly appreciated.

The Hearing Panel reviewed the record evidence regarding the concerns set forth in the Notice of Trusteeship as well as additional evidence discovered after the emergency trusteeship was imposed. The evidence consisted of numerous documents as well as testimony by an International Union Auditor with more than twenty-four (24) years' experience and the International Union's Chief Investigator, a former senior member of the Massachusetts State Police with more than thirty-one (31) years' experience investigating state, national, and international crimes.



The Hearing Panel concluded that the uncontradicted record evidence obtained at the May 11, 2023, hearing overwhelmingly supported the imposition of the emergency trusteeship over Local 731 on April 4, 2023. It also concluded that the uncontradicted evidence supports the continuation of the trusteeship. It is therefore recommended that the trusteeship continue until the proper systemic financial practices and controls identified by the Trustee and the International Auditor are incorporated into the culture of the Local Union.

Based on a review of the hearing record, I agree with the Hearing Panel's findings and recommendations and adopt them as my own. The record reflects, without contradiction, that Local 731, under Brother Hancock's leadership, blatantly ignored and refused to abide by even the most basic financial accounting rules and procedures. For example, Local 731 failed to properly maintain itemized receipts listing the five "W's" (Who, What, When, Where, and Why) for at least forty-seven (47) expenses totaling more than \$65,000; findings that previous auditors had noted in the 2007, 2012, 2015, and 2018 audits. In each of those previous audits, Brother Hancock acknowledged the findings and promised to correct the financial accounting violations moving forward. He did not keep his promise, and he continued to flaunt required financial accounting rules and requirements. In so doing, Brother Hancock seriously blurred the distinction between legitimate union expenditures and personal expenditures that had no legitimate justification.

By way of further example, the uncontradicted evidence shows that Local Union 731 did not follow its own Policies and Procedures adopted by Brother Hancock and his Executive Board. Brother Hancock appears to have considered the Local 731's Policies and Procedures Manual merely as "cover" to falsely portray his compliance with required rules whenever anyone sought to audit the Local. When he thought the coast was clear, however, Brother Hancock orchestrated the payment of tens and even hundreds of thousands of dollars in expenditures that were in blatant violation of the Local's Policies and Procedures and that directly and indirectly inured to his personal and political favor. When he was questioned about these concerns by an international auditor who raised these concerns with Brother Hancock during the 2023 audit, Brother Hancock attempted to conceal his violations by having the expenditures retroactively approved. Brother Hancock's effort to obtain retroactive approval of these and other improper expenditures is tantamount to an admission of guilt by Brother Hancock, and the ploy itself to secure retroactive approval constitutes a violation of the fiduciary obligations required by the International Union Constitution and may also violate federal law.

The record also shows that the culture of financial stewardship was broken under Brother Hancock's leadership. Local Policies and Procedures that required disclosure of large expenses such as bonuses to staff and officers or large charitable donations were not presented to the General Membership in an itemized fashion or at all. Brother Hancock's leadership resulted in a pattern of financial misconduct and mismanagement of assets that should have been safeguarded for the benefit of the Members. The record shows that financial misconduct and mismanagement identified in five (5) different audits were never addressed by those who had a fiduciary obligation to ensure all expenses had a legitimate union purpose, particularly Brother Hancock. They were not corrected from 2007 to the present. They need to be now, through the continuation of the trusteeship over Local 731.

Accordingly, I have also determined that the continuation of the trusteeship of Local 731 is necessary to protect the rights and interests of the membership. Pursuant to the authority vested

in the office of the General President under Article VI, Section 5 of the International Constitution, therefore, I hereby direct that the trusteeship over the affairs of Local 731 be continued and remain in effect.

A copy of this Notice shall be posted immediately in the Local Union office in Burr Ridge, Illinois.

Fraternally,

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

Sean M. O'Brien
General President