

OFFICE OF THE ELECTION SUPERVISOR
for the INTERNATIONAL BROTHERHOOD OF TEAMSTERS
1050 17th Street, NW, Suite 375
Washington, DC 20036
202-429-8683
844-428-8683 Toll Free
202-774-5526 Facsimile
ElectionSupervisor@ibtvote.org
www.ibtvote.org

RICHARD W. MARK
Election Supervisor

ELECTION SUPERVISOR'S SUMMARY REPORT NO. 1 TO THE IBT

The February 26, 2015 Stipulated Agreement and Order appointing the Election Supervisor for the 2015-2016 IBT International Union Delegate and Officer Election (the "2016 Election Agreement") provides that "The 2016 Election Supervisor shall have the right and obligation to submit reports to the IBT which, in turn, has the obligation to share these reports with the membership and the Government." Election Agreement, ¶ 2. Each month during the election cycle, the Office of the Election Supervisor ("OES") provides to the IBT and the Government an accountant's compilation of the OES financial statements, including a chart that shows OES actual and budgeted expense. This report provides additional narrative context for the monthly financial compilations and summarizes activities conducted from the commencement of operations through August 31, 2015.

I Preparation of the Rules for the 2015-2016 IBT International Union Delegate and Officer Election (the "2016 Election Rules")

The 2016 Election Agreement requires the IBT International officer election to be conducted under election rules "jointly agreed upon by the parties following comments by IBT members and interested parties." 2016 Election Agreement, ¶ 4. In the Final Agreement and Order entered by the Court on February 17, 2015, the IBT and the Government agreed that the *2016 Election Rules* "shall not differ in any material way from the rules that governed the 2011 International Union and Delegate Election . . . as supplemented and amended, which were agreed

upon by the Government and the IBT and approved by the Court.” Final Agreement and Order, ¶ 19.

The *2016 Election Rules* were prepared and issued according to the required procedure. The 2011 Election Rules, with minor modifications, provided the text for the *2016 Election Rules*. The proposed rules, and a memorandum summarizing changes from 2011, were mailed to every Local Union, Joint Council, System Federation, and General Committee of Adjustment within the IBT, as well as to the IBT General Executive Board Members, and Teamsters Canada. The proposed rules were also distributed to declared candidates for International office, known independent committees, and certain attorneys who had represented International officer candidates in past elections. Notice of the proposed rules was published on the OES website (www.ibtvote.org) and in the April/May 2015 issue of *Teamster* magazine, and the text of the proposed rules could be read, downloaded, or printed from the OES website. As in prior elections, the proposed rules were deemed effective as of May 1, 2015 although they remained subject to modification.

When the comment period closed on May 22, 2015, OES had received five comments. The comments were analyzed and provided to the IBT and the Government. On June 19, 2015, the parties jointly applied to the United States District Court for the Southern District of New York to approve the proposed rules, and the Court approved the submitted proposal on June 23. A description of the promulgation process, the comments received, and the application to the Court for approval is posted on the OES website.

One week after approving the *2016 Election Rules*, the Court appointed Hon. Kathleen A. Roberts (Ret.) as Election Appeals Master. Judge Roberts, formerly a Magistrate Judge of the United States District Court for the Southern District of New York, is now affiliated with JAMS, a private mediation and arbitration service. The Election

Appeals Master appointment was announced on the OES website and contact information for Judge Roberts is posted there as well.

II. Office Organization and Staff

The February 17, 2015 Final Agreement and Order requires the IBT to “pay all costs and expenses of, and provide suitable office space outside the premises of the IBT” for OES. Final Agreement and Order ¶ 43. As of April 1, 2015 OES began operating its headquarters office at 1050 17th Street, NW, Suite 375, Washington, D.C. 20036.

The main staffing of OES is comprised of individuals with extensive experience in supervising elections, and particularly deep experience involving the IBT and its International officer election. The OES Senior Project Supervisors, Dennis Sarsany, William Broberg, and Paul Dever, have served as project supervisors in previous IBT International officer elections. They are principally responsible for coordinating the field staff of regional directors in overseeing delegate elections, and interacting with candidate campaigns. Jo Pressler, OES Project Manager, has extensive experience in oversight of labor unions and was a member of the original Election Office staff in 1991. Ms. Pressler principally manages the office staff responsible for executing the headquarters work and is documenting tasks performed at each stage so that the work may be analyzed systematically with the objective of changing and improving future operations. Teresa Flick, OES Project Accounting, joined the staff in this election cycle having previously worked as the independent, outside accountant for OES. Ms. Flick will oversee the accounting function and assist in monitoring compliance with campaign finance reporting. Kate Marvin and Emily Fugitt currently comprise the headquarters junior staff and are responsible for tasks including data analysis, eligibility determinations, interactions with local unions and members, and various clerical tasks. Depending on workload, the

headquarters junior staff is supplemented with temporary clerical assistants. Jeffrey Ellison, an attorney based in Michigan, has returned to the project as Chief of Election Protests and Investigations (the same responsibilities he fulfilled in two previous elections).

Eight Regional Directors carry out OES work throughout the United States and Canada. Each of the Regional Directors for the United States of America has worked for OES on previous IBT International officer elections, and has extensive experience with the election rules and procedures used, and with supervising the delegate nomination and election tasks in IBT local unions in their respective geographic regions. The Regional Director for Canada is new to the process, but has background in election supervision both in Canada and in Europe. Contact information for OES and each of the Regional Directors was published in the June-July 2015 issue of *Teamster* magazine, and is also posted on www.ibtvote.org.

III. OES on the Internet

OES has required on-line electronic filing for candidate financial reporting (the Campaign Contribution and Expense Reporting System or “CCERS”) since the 2006 International officer election and has had an informational website since the 2001 International officer election. For the current election, the software that embodies these programs was upgraded. The principal motivation for the upgrade was to improve system security and protect against intruders; the secondary motivation was to use current commercial software tools so that the programs would have state-of-the-art support and maintenance.

The upgrade project is complete for the OES website (www.ibtvote.org). The appearance of the OES website was re-styled as part of the upgrade, and improvements were made to the system for electronic submission and approval of local union election plans

through the website. Members may now go to the OES website to view and comment on draft plan submissions, or to obtain the approved plan.¹

To outward appearance, CCERS operates generally as it did in previous election cycles. Security behind the scenes, however, has been brought current to the state of the art. The program and data is hosted on secure servers, and encryption was built into the software, requiring extensive re-programming. The program is otherwise fully functional, but some improvements, particularly as pertains to performing monthly reconciliations, will be introduced shortly.

IV. Delegate Elections

OES oversees local unions, system federations and general committees of adjustment (“Local Entities”) in the delegate election process, but each Local Entity is itself responsible for conducting its own delegate election, that is, each Local Entity must provide the required secure supervisory structure for an election, issue notices, conduct nominations, print ballots, and count voted ballots. The *2016 Election Rules* require each Local Entity to prepare an election plan that: i) outlines the steps to conduct the election and the schedule for each step to occur; ii) identifies the persons responsible for conducting the election; iii) identifies ballot security procedures; and iv) identifies the procedures to obtain maximum member enfranchisement. Each plan is reviewed by an OES Regional Director and, if necessary, modified in consultation with the local. The Election Supervisor reviews, and gives final approval to, each plan. OES expects to receive approximately 470 Local Entity plans by the end of September 2015, and to complete the approval process within the following month. To date,

¹ The electronic system for submitting and approving delegate election plans has reduced paperwork, reduced mailing cost, and accelerated the approval process.

102 plans have been submitted, and 50 have been completely approved (these figures increase on almost a daily basis).²

To facilitate the administration of the delegate elections, OES will soon issue a notice imposing a moratorium, effective from October 1, 2015 through the end of the 29th IBT International Convention, on mergers between any two or more Local Entities.

As plans are approved, the dates for nomination meetings and scheduled ballot counts are posted at www.ibtvote.org as well as on union bulletin boards for each Local Union. Each member also receives notice by mail of the date for the nomination meeting at his or her local union, system federation or general committee of adjustment. Posting on the OES website allows candidates and union members throughout the IBT to monitor the progress of the election union-wide.

V. Campaign Finance Reporting and Auditing

The *2016 Election Rules* require candidates for International office, their slates, and independent committees to file reports disclosing funds received and paid out. These reports, known as CCERs, have been part of supervised IBT elections since 1991. OES analyzes the CCERs to see that candidates, slates and independent committees are complying with limitations on funding sources, fund segregation, and expenditures. OES has engaged Duff & Phelps, a consulting firm, to audit the reporting parties' compliance with the campaign finance rules. The Duff & Phelps personnel on the matter have experience with the IBT International officer election process and the CCERs: they performed a similar function in the 2006 and 2011 elections. Teresa Flick, at OES headquarters, will also be involved in monitoring campaign finance reporting compliance. OES aims to have the

² Ten IBT local unions were designated "summer seasonal" local unions, meaning that ten percent (10%) or more of the membership is employed by a seasonal food industry employer. Those local unions are scheduled to complete their delegate elections by early November.

reporting parties file timely, including having them perform regular and prompt bank reconciliations as the election progresses. OES expects that in this election cycle candidates will use new technologies to take in contributions. We will seek to adapt the CCERS program, and the procedures for using the program, so that information required for compliance reporting is still captured while also allowing use of these new means,

The deadline for the first reporting period was generally extended to June 30, 2015 and some campaigns obtained specific extensions into July. The initial filing deadline was extended because of the need to complete work on the initial phase of the CCERS software upgrade and to provide training to system users. All 42 known candidates for International office who were obligated to file in the first reporting period have filed the required report.

VI. Protests

Any member, local union or other subordinate body of the IBT, or the IBT itself may file protests alleging noncompliance with the *2016 Election Rules*. The protest process is supervised by Jeffrey Ellison, with investigations assigned to Regional Directors in the field or staff at OES headquarters. Protests are resolved with written decisions and any party aggrieved by the result of a protest may file an appeal with the Election Appeals Master, Kathleen A. Roberts. Issued decisions and appeals are posted and available at www.ibtvote.org.

To date, OES has received 39 protests and initiated one protest investigation on its own, and disposed of 33 of the protests in 31 written decisions. No decisions have been appealed to the Election Appeals Master. *2016 Election Rules* violations have been found and remedies ordered in nine cases; three were resolved; the remaining protests were either denied or withdrawn.

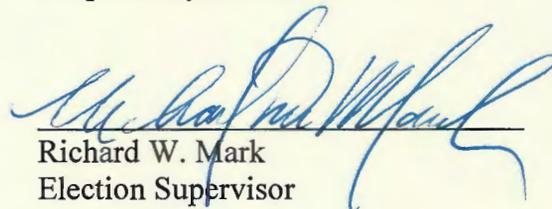
VII. Budget and Expenses

OES proposed to the parties a budget of \$12,885,700, based on certain assumptions about the level of election activity. Actual activity is compared to the budget and reported to the parties each month. OES has expended \$764,615.00 through July 31, 2015. Obviously, events that relate to major categories of expense (supervision of delegate elections, nomination of International officers at the International Convention, union-wide balloting with attendant staffing, printing and mailing costs, CCERS auditing, expected protest investigations, among other things) have yet to unfold

The original budget estimate may be sufficient to cover the complete project but changing circumstances and actual experience during the election cycle may result in a revised budget proposal for completion of the project. The level of protest activity requiring investigation, for example, is well above what had been anticipated in light of experience. OES will continue to share its monthly expense information with the government and the IBT so that the parties have complete information about the costs incurred, and will also keep the parties informed about the activities necessary to complete this election in a manner that is fair, open, and honest for all members of the IBT.

Dated: August 31, 2015
New York, New York

Respectfully submitted,


Richard W. Mark
Election Supervisor