

Union members' lawsuit says boss took kickbacks

By Hal Dardick

Tribune staff reporter

Published January 18, 2007

A condition of working for one of Illinois' most politically powerful unions was giving the boss \$100 a month, according to union members seeking to fire that boss by defeating him in an upcoming election.

Six members of Local 150 of the International Union of Operating Engineers filed a lawsuit in federal court Wednesday alleging what they described as a salary kickback scheme.

But U.S. District Judge John Grady ruled the suit could not yet proceed, after being told the union this month hired former Assistant U.S. Atty. James Streicker to conduct an internal probe of the same issues.

Federal law requires the union get first shot at addressing such allegations, said Dale Pierson, Local 150's attorney. The suit contends such an internal effort is "futile." Grady gave plaintiffs' attorney Stephen Horwitz a week to file a brief arguing they should have the right to proceed with the suit.

The six members, four of whom have been salaried business agents of the local, back Local 150 Treasurer Joe Ward, who aims to unseat President and Business Manager William Dugan in an August election.

They allege the union, under bylaws that give Dugan "autocratic authority," will not properly investigate their claims.

Dugan denied any wrongdoing, and Pierson said the internal investigation is being handled by a respected, independent attorney.

The suit alleges that Dugan for 15 years has demanded that his more than 125 employees make \$100 monthly payments he "euphemistically referred to as contributions to his `Christmas Fund.'"

In reality, the alleged payments were kickbacks to Dugan, who has the sole power to hire, fire and set salaries at Local 150, the suit alleges.

"Dugan unlawfully converted and misappropriated union funds for his own personal use and benefit," it states.

Dugan has led Local 150, one of the state's top cash contributors and suppliers of foot soldiers for political campaigns, since 1986. The local has nearly 22,000 members--workers who operate heavy machinery at construction sites--in a three-state area stretching from northeastern Iowa through Illinois to northern Indiana.

In the last eight days, Local 150 and some of its members who are Dugan allies have filed two lawsuits against Ward. The suits allege that Ward sabotaged a union land-buy so he could secretly make his own profit and that he illegally gave local members' names and numbers to a telemarketing company.

Ward said the suits against him were politically motivated and would not hold up in court. Dugan made similar comments Wednesday about the allegations against him.

Dugan said many workers do make \$100 monthly cash payments into he called a Christmas Fund. He said the fund is used for members' legal expenses not formally covered by the local, as well as internal

campaign costs, he said.

At one time, the funds also were used for annual Christmas parties, hence the fund's informal name, he said.

All payments to the fund are voluntary, and not all local employees make them, Dugan said. Whenever the fund balance climbs to a set level, now fixed at \$100,000, contributions are suspended, he said.

Dugan also said he has "absolutely" never diverted any of the money in the fund to his personal use and that he has made reports on the fund at every staff meeting.

The suit also alleged Dugan on 21 occasions had corn grown on union-owned Illinois land trucked to his farm in Hancock, Md.. It says the corn was used to feed buffalo raised at the farm.

Dugan said he did have corn to feed deer driven to his farm in a union truck. But the corn was given to him by Joe Ward, whose brother ran a farm, and he reimbursed the local for the use of the truck and the gas used to fuel it, he said.

Ward denied giving the corn to Dugan, but Mike Foulk, who drove the corn to Maryland, said all of the corn came from either Ward or his brother. "There's never been corn that left [Local] 150 property or came from 150 property," he said.

Foulk also said Dugan always paid to use the truck and covered the gas bill.

hdardick@tribune.com