

AS SEEN IN

The Chief

JULY 25, 2003
NEW YORK

Civil Service **LEADER**

THE CIVIL EMPLOYEES' WEEKLY

SUSPEND LOCAL 375 TREASURER FOR DERELICTION UNION BOARD FAULTS HIM FOR FAILING TO DETECT RIPOFF

By Richard Steier

The Civil Service Technical Guild voted July 16 to suspend its treasurer, Bob Mariano, two weeks after he told union officials that he had no idea how a bookkeeper had allegedly embezzled \$500,000 from the treasury because he had not checked the monthly financial statements.

The decision to suspend Mr. Mariano- the first step in bringing disciplinary charges against him-came during a heated 90-minute meeting, of the executive board of the Tech Guild, which is Local 375 of District Council 37.

Mr. Mariano's attorney, Jeffrey Rubin, said July 21, "He is fighting this because he has done absolutely nothing wrong. He's a highly competent, trustworthy officer of this union."

As to how Mr. Mariano could have been unaware of the alleged embezzlement by Lloyd Clarke, with whom he shared an office, Mr. Rubin noted that it had also gone undetected during probes of the local's finances by a top accounting firm and the Manhattan- District Attorney's Office. "He didn't know about this, nor did any of the auditors," he said.

Allies Take His Part

During the meeting, three longtime allies of the man who has been Local 375's treasurer for 22 years, including former President Louis G. Albano, all spoke on his behalf and questioned what basis existed for suspending him. Other officials, including current Tech Guild President Claude Fort, argued that Mr. Mariano violated his fiduciary responsibility by not ensuring that the local's financial statements were accurate.

The meeting was fraught with political tension, occurring less than six months prior to a new union election in which according to Mr. Clarke, Mr. Mariano had planned to challenge Mr. Fort's re-election.

Another board member who has been mentioned as a possible presidential candidate Mitchell Feder, at one point during the meeting chided Mr. Fort for seeking a motion to suspend Mr. Mariano rather than initiating it himself. Several moments of silence ensued until the Tech Guild's secretary, Ahmed Shakir, made such a motion.

'Not President's Role'

Mr. Albano, who served for 17 years as Tech Guild president, suggested the following day that Mr. Feder was playing politics by making it appear Mr. Fort was reluctant to initiate the suspension push. "Normally, presidents don't put forward motions", he said.

Told of that comment, Mr. Feder replied, "To me, this is such a special case that the president in my opinion should take the lead and put forth the motion himself."

Mr. Fort countered, "I took the lead. I was the one who opened the meeting with a long speech explaining why Bob Mariano should be suspended. Once I did that, it should not be me who made the motion."

Before a vote could be taken, Mr. Feder proposed an amendment to the motion that required that Mr. Mariano not receive any part of his \$12,500 stipend as treasurer for the duration of his suspension, unless he was subsequently cleared of any charges brought against him.

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That prompted demands by Mr. Albano and two other officials allied with Mr. Mariano to know what charges were being brought against him.

The executive board voted 20 to 8, with four abstentions, in favor of suspending Mr. Mariano. Suspending payment of his stipend passed by a vote of just 15 to 14, with three abstentions.

'Loan' Comes to Light

The alleged embezzlement that triggered last week's political drama involved a \$500,000 "loan" that was taken by Mr. Clarke, who had been Local 375's bookkeeper virtually from the time Mr. Albano and Mr. Mariano took office in 1981. It came to light after Mr. Fort fired the Tech Guild's longtime auditor, Helga Kelm, last fall and brought in Salvatore Armao to look at the local's books in mid-spring.

On June 30, Mr. Clarke, according to Mr. Armao, called him at his Valley Stream office to arrange an immediate meeting in a nearby diner. There, Mr. Armao said, Mr. Clarke allegedly told him that he had taken the money from Local 375's coffers "six or eight years ago" and invested it in real estate in The Bronx.

Sources familiar with an investigation that was launched by the Manhattan DA's Office earlier this month have told this newspaper, however, that it is believed that the embezzlement actually occurred five years ago, citing a sharp drop in dues revenue for the Technical Guild in 1998.

Missing Over \$400G

Mr. Clarke, according to Mr. Armao, said he had repaid roughly half the loan. Union officials claim, however, that they have been able to account for only \$184,000 of the \$602,000 that the local should have in its treasury, and that it is missing some Certificates of Deposit in addition to a cash shortage.

Mr. Armao said last week that he could not pinpoint the time at which the money was taken or in what fashion. "That's going to be a big part of our investigation: how it occurred and when it occurred," he said, referring to his accounting firm.

A day after his discussion with Mr. Clarke, Mr. Armao met with board officials and recounted their conversation. This led to a tumultuous July 2 meeting of the Tech Guild's executive committee at which Mr. Mariano was said to have admitted he had neither checked nor verified the monthly-financial statements prepared by Mr. Clarke.

"Trusted in His Integrity"

According to officials who were-present, he explained his failure to perform one of his primary fiduciary duties by saying, "I trusted the honesty and integrity of the bookkeeper."

Mr. Feder, who unsuccessfully opposed Mr. Mariano for Tech Guild treasurer during the last union election said, "I don't care if Moses, Jesus or Mohammed was the bookkeeper, you don't give an employee the opportunity to steal."

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In a newsletter issued to union members last week, Mr. Fort stated that DC 37's legal department had identified the properties that it believed were owned by Mr. Clarke and was seeking to have an order of attachment placed on them. "We will do everything we can to recoup our members' money," Mr. Fort stated.

'Emergency' Audit

He also accused Mr. Mariano and Mr. Clarke of having permitted the Tech Guild's longtime auditor, Ms. Kelm, to examine the union's books on May 12, seven months after he notified her that she had been fired, Mr. Fort said Mr. Mariano and Mr. Clarke had claimed they called in Ms. Kelm so that an IRS report could be filed by May 15, averting a \$10,000 fine. Mr. Fort said he subsequently learned that the assessment for filing late would have been only \$100 a day, and that the union could have avoided any penalty by requesting a filing extension. He said Mr. Mariano subsequently made a motion to have Ms. Kelm paid \$11,800 for auditing work that hadn't been authorized.

Mr. Albano nonetheless questioned both the suspension of Mr. Mariano and the grounds used, saying, "I feel the man was railroaded." He said the statute cited, from the constitution of DC 37's international union the American Federation of State, County and Municipal Employees, allows for suspension without a hearing in cases of an individual union official "engaging in conduct imminently dangerous to the welfare of said subordinate body or the international."

'No Imminent Threat'

Mr. Albano said, "There has to be imminent danger [to justify suspension]. He threatened no lives; nobody was at risk: The

accountant has taken full control of the [financial] operation. I believe this will be overturned by the international."

Mr. Fort; who accused Mr. Albano of stymieing his efforts to have the local's books audited nine months ago disagreed, saying that Mr. Mariano "put us in danger of losing our reputation. He put us in danger of bankruptcy." Several past and present officials within both DC 37 and the Technical Guild have recently questioned Mr. Albano's ongoing influence over the local's operations more than five years after he was unseated as president. As a former president, he is an ex-officio member of the Tech Guild executive committee and has been accused of dominating meetings and lining up opposition to changes Mr. Fort and the man who unseated him, Roy Commer, attempted to make in the union's financial operations.

'Shouldn't Let Him: Vote'

Mel Levy, a retired former chairman of the Tech Guild's New York City Transit chapter, said of Mr. Albano's activism, "To be allowed to vote, that's wrong. If you want to talk at meetings to provide some historical perspective, that's fine. But an ex-president should not be allowed to vote or make motions."

Mr. Albano responded, "The [local's] constitution states that I can. If they want to change the constitution, that's their prerogative." Mr. Fort said concern about the influence Mr. Albano has wielded recently led him to ask DC 37's legal department to spell out what prerogatives an ex-officio board member enjoys.

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