

To: IBT General President Sean O'Brien
From: Robert D. Luskin, Independent Investigations Officer
Re: Proposed Charges Concerning Former Local 137 Business Agent Stanley Stroud
Date: March 30, 2022

I. RECOMMENDATION

Pursuant to Paragraphs 30 and 31 of the Final Agreement and Order (Dkt. No. 4409-1) (“Final Order”) in *United States v. Int’l Br’d of Teamsters*, 88 Civ. 4486 (S.D.N.Y. Jan. 14, 2015) (Ex. 1) and the incorporated Rules Governing the Authorities of Independent Disciplinary Officers (“Rules”) (Ex. 2), the Independent Investigations Officer (“IIO”) refers the below report to the General President with the recommendation that a charge be filed against former Local 137 Business Agent Stanley Stroud (“Stroud”) for bringing reproach upon the IBT in violation of his membership oath (IBT Const., Art. II, Sec. 2(a)), thereby violating IBT Const. Art. XIX, Sec. 7(b)(2); *to wit*: While a member of the IBT and a Business Agent for Local 137, and while driving a Union-owned vehicle during normal business hours, he was arrested for transporting approximately four pounds of suspected methamphetamine and a large quantity of U.S. currency. Furthermore, a search of his home by law enforcement officers yielded additional amounts of controlled substances packaged for sale, narcotics paraphernalia, an AR-15 rifle and a machine pistol, with both weapons accompanied by high-capacity ammunition magazines and corresponding ammunition.

The IIO further recommends that a charge be filed against Stroud for breaching his fiduciary duty to Local 137 in violation of IBT. Const. Art. XIX, Sec. 7(b)(3): *to wit*: While a

member of the IBT and a Business Agent for Local 137, he used a Union owned-vehicle for an unauthorized, illegal, non-Union purpose, thus converting union property to his own use.

II. JURISDICTION

Pursuant to Paragraph 32 of the Final Order, this matter is designated within the jurisdiction of the IBT General President. The Final Order requires that within 90 days of the IIO's referral of this matter, written findings setting forth the specific action taken and the reasons for that action must be filed with the Independent Review Officer. Pursuant to Paragraph 32, copies of this report are being sent to the General Executive Board and the United States Attorney's Office, Southern District of New York.

III. INVESTIGATIVE FINDINGS

A. Background of Local 137

Local 137 is located in Redding, California. According to its most recent LM-2 (filed March 14, 2022) the Local had 3,773 members. (Ex. 3) Those members were employed at various General Teamster, Professional, Health Care and Public Employee employers throughout 15 counties in northern California. (Ex. 4)

According to Local 137 records, Stroud became a Local 137 member on May 17, 2006. (Ex. 5) Until April 17, 2019, Stroud was employed at Aramark Services, Inc. In May 2019, Stroud became a full-time employee of the Local, serving as a Business Agent. (Ex. 5) In 2021, the Local paid Stroud a total of \$104,939 in salary and reimbursed expenses. (Ex. 3) Stroud's last dues payment was on January 26, 2022. (Ex. 5) On February 8, 2022, Stroud was issued a withdrawal card. *Id.*

Russ Butler ("Butler") is the Secretary-Treasurer and principal officer of Local 137. He worked for Sysco Foods, an IBT employer, starting in 1997, for approximately 15 years prior to

becoming a Trustee for the Local “around 2008 [or] 2009.” (Ex. 6 at 6-8) Butler became a Business Agent for Local 137 in January 2012 (Ex. 6 at 7) In February of 2020, the Local’s Executive Board appointed Butler to the position of Secretary-Treasurer. (Ex. 6 at 7)

In his March 8, 2022, sworn examination, Butler testified that he first met Stroud in 2013, when he was assigned to be the Business Agent at Aramark Uniform Services. (Ex. 6 at 9) Stroud was a steward at Aramark at that time. (Ex. 6 at 9) Butler stated that Stroud was appointed Trustee of the Local in or about 2014, to fill a vacancy on the Executive Board. (Ex. 6 at 11-14)

Stroud, as a Business Agent, was provided with a Union-owned vehicle. (Ex. 6 at 16-17) Although the Local’s bylaws permit employees such as Stroud to use their Union-issued vehicles for “private use,” (Ex. 6 at 17-19; Ex. 7 at § 16(C)), they may not use them for outside commercial activities. (Ex. 6 at 19-20). Stroud was “absolutely not” permitted to use his Union-owned vehicle to perform activities such as pizza delivery work, or operating the Union-issued vehicle as an Uber or Lyft business.¹ (Ex. 6 at 19-20) Nor was Stroud permitted to use his Union-owned vehicle to transport narcotics. (Ex. 6 at 20)

B. Stroud’s January 21, 2022 Arrest

On Friday, January 21, 2022, Stroud was arrested by the Redding, California Police Department while he was driving the vehicle provided to him by the Local union. (Ex. 6 at 22) The arrest occurred during normal business hours at approximately 2:47 P.M. (Ex. 8)² Police reported Stroud was in possession of approximately four pounds of suspected methamphetamine. *Id.* In addition, a large quantity of U.S. Currency was recovered from Stroud’s person. *Id.* Shortly thereafter, a search warrant was executed at Stroud’s home, where they recovered an AR-15 assault

¹ As the Local’s Secretary-Treasurer, Butler is responsible for policing the use of the Local’s vehicles. (Ex. 6 at 19)

² The Redding Police Department uses the Facebook platform as its public website, to which it publishes its press releases. (Ex. 6 at 24) Exhibit 8 is a printout of its January 21, 2022 press release regarding Stroud. A direct link is available at <https://tinyurl.com/2p84wpvs>.

rifle, ammunition, narcotics packaging material, narcotics paraphernalia, and what the police report describes as “an Uzi submachine gun.” (Ex. 8) Also depicted in the evidence photo are several high-capacity magazines and ammunition for the two weapons recovered in Stroud’s home. *Id.*,³ see also Ex. 6 [Tr. of Mar. 8, 2022 Sworn Exam. of R. Butler] at Dep’n Ex. 2. Stroud was arrested and charged with the following offenses: Possession of a Controlled Substance for Sales, Transportation of a Controlled Substance, Prohibited Person Possessing a Firearm, Prohibited Person Possessing Ammo, Conspiracy, Possession of an Illegal Assault Weapon, Possession of a Machine Gun and Possession of a High Capacity Magazine. *Id.*

According to Butler, Stroud’s arrest for transporting narcotics occurred at a time when he should have been working, and Stroud was impermissibly using the Union-issued vehicle. (Ex. 6 at 21-22) Although the vehicle “absolutely” could have been impounded,⁴ (Ex. 6 at 24), Butler eventually located it parked on the street at the site of the arrest, not far from Stroud’s home, where it had been left by the police. With the assistance of Stroud’s son, the vehicle was recovered and returned to the Local’s parking lot. (Ex. 6 at 22-23) Butler described the condition of the vehicle

³ During the execution of the search warrant at Stroud’s home, the Redding Police Department also arrested Harrison Branum, who was found inside a vehicle waiting in Stroud’s driveway. Branum was found to be in possession of additional amounts of methamphetamine packaged for distribution. (Ex. 8) Branum was arrested and charged with Possession of a Controlled Substance for Sales, Violating Parole, and Conspiracy *Id.*

On February 3, 2022, the Redding Police Department and the Shasta (County, Ca.) Inter-Agency Narcotics Task Force arrested Stroud’s brother, Donald Stroud (“D.Stroud”) at the tattoo parlor he operated in Redding, which is located in close proximity to the offices of Local 137. A search of D.Stroud’s person incident to his arrest revealed a useable amount of Fentanyl. Officers then conducted a search pursuant to a warrant and located “methamphetamine in various places throughout the interior of the business, narcotics paraphernalia, a large amount of marijuana, as well as copious amounts of packaging material.” D.Stroud was charged with violations of the following: maintaining a business for the purposes of distributing controlled substances, possession of narcotics for sales and possession of marijuana for sales. (Ex. 9)

On February 25, 2022, Harrison Branum was arrested again in Redding, after he was determined to be in possession of suspected methamphetamine for the purposes of sales/distribution and was charged with possessing narcotics for sales/distribution. (Ex 10) Neither Branum nor D.Stroud are members of the Teamsters. (Ex. 6 at 26)

⁴ Butler speculated that the union’s vehicle was not impounded because police determined it to be independent of the offenses of arrest, but Butler had no personal knowledge. (Ex. 6 at 24)

as having been “ransacked” and “a mess.” (Ex. 6 at 22-23) As of March 8, 2022, the union’s vehicle remained in the Local’s parking lot. (Ex. 6 at 22)

On January 25, 2022, Butler terminated Stroud’s employment at the local, effective January 24, 2022. (Ex. 11) Butler hand delivered the notice to Stroud’s son, who received and signed for the letter at the local’s premises on or about January 25, 2022. *Id.*; *see also* Ex. 6 at 29.

According to Stroud’s TITAN record, he took withdrawal effective February 8, 2022. (Ex. 5) When asked what, if anything, would prevent Stroud from depositing his withdrawal card and resuming active membership working for a union employer, Butler testified:

We’re not big city here. Stan’s lived here his whole life. *Stan has brought shame on our organization for his behavior.* Everybody who knows him knows what he’s done. No one is going to give him another shot, not based on what he’s done. *He basically gave our Local a black eye, and he’s not welcome.* And I just don’t see any employer that we have under contract, how he -- and what he did be given another chance to repeat it. I just don’t see it.

(Ex. 6 at 51-52) (emphasis added) Notwithstanding Butler’s belief as to the likelihood of Stroud’s return, however, Stroud is presently “entitl[ed] to reinstatement to good standing status in the Local” should he obtain employment in the craft. *See* IBT Const. Art XVIII, Sec. 7(b).⁵

On February 22, 2022, the IIO, via UPS Next Day Air, noticed the sworn examinations of both Butler and Stan Stroud for March 8, 2022, in Redding, California. (Exs. 12, 13) The notices were delivered to the Local’s front desk on February 23, 2022. (Ex. 14)

On March 8, 2022, Stroud failed to appear for his sworn examination.⁶ (Ex. 15) The examination was scheduled for 11:00 a.m. Counsel for the IIO appeared at that time at the location identified in the Notice in Redding, California. A court reporter was available to administer the

⁵ The IIO is unaware of any “offense . . . injurious to union principles” committed by Stroud subsequent to his February 8, 2022 honorable withdrawal that would disqualify him from reinstatement pursuant to IBT Const. Art. XVIII, Sec. 7(e).

⁶ Because of Stroud’s withdrawal effective February 8, 2022, the IIO lacked jurisdiction to compel Stroud’s appearance.

oath and transcribe Stroud's testimony.⁷ Stroud was not present at the scheduled start time, nor did he appear at any point over the next hour. Counsel for the IIO noted on the record Stroud's failure to appear and closed the examination at 12:11 p.m. (Ex. 15)

IV. ANALYSIS

A. Standard of Proof

The standard of proof to establish the charge against Stroud is a preponderance of evidence. Rules (Ex. 2) at § C ("The purpose of the hearing shall be to determine whether the proposed findings, charges, or recommendations regarding discipline or trusteeship found in the Independent Investigations Officer's Investigative Report are supported by a preponderance of reliable evidence"); *United States IBT [Simpson]*, 931 F. Supp. 1074, 1089 (S.D.N.Y. 1996), *aff'd*, 120 F. 3d 341 (2d Cir. 1997); IBT Constitution, Art. XIX, Sec. 1(e).

B. Stroud's Conduct Brought Reproach upon the IBT

By using his Union-owned vehicle during working hours to transport approximately four pounds of suspected methamphetamine and a large amount of U.S. currency, Stroud brought reproach upon the IBT in violation of his membership oath (IBT Const. Art. II, Sec. 2(a)) and thereby violated IBT Const. Art. XIX, Sec. 7(b)(2).

The IBT Constitution requires that each member "pledges his honor . . . to conduct himself or herself at all times in such a manner as not to bring reproach upon the Union." IBT Const. Art. II, Sec. 2(a). A member's conduct in violation of this oath is a basis for disciplinary charges. IBT Const. Art. XIX, Sec. 7(b)(2); *United States v. Teamsters [Senese]*, 745 F. Supp. 908 (S.D.N.Y. 1990), *aff'd*, 941 F.2d 1292 (2d Cir. 1991). *See also, United States v. Teamsters [Reardon]*, 803 F. Supp. 734, 736 (S.D.N.Y. 1992). Conduct that may bring reproach upon the IBT "is not limited

⁷ The court reporter was available remotely as permitted by relevant law.

to matters involving organized crime or to violations of specific federal criminal laws.” *United States v. Teamsters [Hogan and Passo]*, No. 88 Civ. 4486 (LAP), 2003 BL 2521 at *11 (S.D.N.Y. Aug. 22, 2003), *aff’d sub. nom. United States v. Hogan*, 110 Fed. Appx. 177, 180 (2d Cir. 2004) (“The IRB has a broad grant of authority, including the ability to investigate and discipline any person whose actions bring reproach upon the union.”) “[C]riminal behavior of any person subject to the [Final Order] may be a basis for a charge of bringing reproach upon the Unions;” *United States v. Teamsters [Piscapo and Maguire]*, No. 88 Civ. 4486 (LAP), 2012 BL 448660, at *5 (S.D.N.Y. Dec. 11, 2012). However, “an IBT member may be disciplined for conduct that brings reproach upon the union regardless of whether the misconduct charged would also violate a criminal statute.” *Hogan and Passo*, 2003 BL 2521 at *11-12.

Stroud was a Business Agent of Local 137 at the time of his arrest. (Ex. 6 at 20) His full-time job was to represent the members of the union, both to employers and to the community at large. Details of his arrest and photographs of the narcotics, weapons, and currency found in his possession can be viewed online by the general public. (Ex. 6 at 24-25, 34; Ex. 8) The principal officer testified that the Stroud’s behavior “brought shame on our organization. * * * He basically gave our Local a black eye.” (Ex. 6 at 51-52) His behavior brought reproach upon the IBT in violation of his membership oath. IBT Const. Art. II, Sec. 2(a) and Art. XIX, Sec. 7(b)(2).

C. Stroud Breached his Fiduciary Duty

An additional aspect of Stroud’s conduct is that Stroud put a Local 137 asset—his union-issued vehicle—at risk of impoundment, seizure, or forfeiture as an instrument of a crime. As a business agent, Stroud had a fiduciary duty to the Local and its members to protect the Local’s property. (See Ex. 7 at § 15 (F)) (“The officers, *Business Agents*, other representatives of this Local Union and Stewards occupy positions of trust in relation to the Local Union and its members

as a group and are, therefore, accountable to the membership with respect to the performance of their duties in handling funds *and property* of the Local Union.) (Emphasis added.) Under California law, a vehicle which has been used as an instrument to facilitate the possession for sale of 28.5 grams or more of methamphetamine is subject to forfeiture. Cal. Health & Safety Code § 11470(e). Although the principal officer speculated (without foundation) that the police determined the vehicle was not sufficiently related to the offenses of Stroud’s arrest to impound it in this case, they “absolutely” could have. (Ex. 6 at 24) Stroud used the Union’s vehicle in a manner that that was unauthorized, illegal, lacked a Union purpose, and risked permanently depriving the Local of its use. Stroud’s actions violated with his fiduciary obligations to the Local and converted its property to his own use. *See* IBT Const. Art. XIX, Sec. 7(b)(3).

V. PROPOSED CHARGES

Based upon the above report, it is recommended that Stanley Stroud be charged as follows:

A. CHARGE I

Bringing Reproach upon the IBT in violation of Membership Oath

While an IBT member and a Business Agent for Local 137, you brought reproach upon the IBT in violation your membership oath, IBT Const. Art. II, Sec. 2(a), thereby violating IBT Const. Art. XIX, Sec. 7(b)(2); *to wit*:

As detailed in the above report, while an IBT member and a Business Agent for Local 137, and while driving a Union-owned vehicle during normal business hours, you were arrested for transporting approximately four pounds of suspected methamphetamine and a large quantity of U.S. currency. Furthermore, a search of your home by law enforcement officers yielded additional amounts of controlled substance packaged for sale, narcotics paraphernalia, an AR-15

rifle and a machine pistol, with both weapons accompanied by high-capacity ammunition magazines and corresponding ammunition.

B. CHARGE II

Breach of Fiduciary Duty to the Union

While an IBT member and a Business Agent for Local 137, you breached your fiduciary duty to Local 137 in violation of IBT Const. Art. XIX, Sec. 7(b)(3); *to wit*: As detailed in the above report, while a Business Agent for Local 137, you used a Union-owned vehicle for an unauthorized, illegal, non-Union purpose, thus converting Union property to your own use.

Respectfully submitted,
ROBERT D. LUSKIN
Independent Investigations Officer

DATED: March 30, 2022

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