

UNION CORRUPTION UPDATE

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*For Influential Leaders & Important Decision Makers:
Information on America's most corrupt & aggressive unions*

ELECTRICAL WORKERS (IBEW)

DOL Sues Union Fund Tied to Clinton-Crony McAuliffe

The U.S. Dep't of Labor filed suit May 5 against two trustees of the \$8.3 billion Nat. Electrical Benefit Fund charging improper dealings between the fund and top Clinton-fundraiser Terence R. McAuliffe. According to DOL, NEBF trustee John Grau and ex-trustee Jack F. Moore imprudently lent over \$6 million in pension assets. NEBF is operated jointly by the Int'l Bhd. of Electrical Workers, from which Moore retired as secretary in 1997, and the Nat. Electrical Contractors Ass'n, of which Grau is a vice president.

The scam involved a \$6 million loan in 1992 to Columbia Land & Development Corp. of Orlando to buy a subdivision called Country Run which was to be developed into 545 lots. McAuliffe and his wife, Dorothy S. McAuliffe, own Columbia. The loan was in default from Dec. 1992 to Oct. 1997. DOL says NEBF should have known the loan couldn't be repaid in full with interest. The suit seeks the trustees to reimburse the fund for losses, including interest.

The McAuliffes also own Am. Capitol Management, a partner with NEBF in a separate investment called Am. Capitol Group I Assets LP, which guaranteed payment of the Columbia loan. In a separate 1991 investment, NEBF paid \$38.7 million to buy five apartment complexes and a shopping center near St. Petersburg. The partnership bought the properties from the Resolution Trust Corp., which had taken control of them from a bank in receivership that had been owned by McAuliffe's father-in-law.

DOL alleges NEBF imprudently purchased a \$2.45 million interests in ACGIA, a move that reduced the value of the ACM guarantee on the Columbia loan. McAuliffe's holdings in ACM had been collateral for the loan. The suit further alleges trustees made one of the purchases in the ACM partnership even though the Columbia loan was in default. The pension fund then reportedly sold its share of the partnership and the Columbia loan to ACM at a loss. [Pensions & Investments 5/17/99]

In addition to the unions and organizations covered in this Union Corruption Update, readers can look forward to news and information on other corrupt and abusive unions in future editions.

All back issues of the Union Corruption Update can be viewed at NLPC's website (www.nlpc.org). Also available is a union-by-union and state-by-state index of all Union Corruption Update articles.

If you have story ideas or suggestions for future editions of Union Corruption Update, please email NLPC at nlpc@nlpc.org. Thank you.

Union Corruption Update is part of NLPC's Organized Labor Accountability Project which is investigating and exposing corruption and extremism in the Teamsters, LIUNA, AFL-CIO and many other union organizations. NLPC is a nonpartisan, nonprofit foundation promoting ethics and accountability in government through research, education and legal action.

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