

# Labourers' union leaders accused of dirty campaign by ex-insider

Tony Van Alphen – Jan 16, 2013

A group of candidates in a major local union election covered up tens of thousands of dollars in illegal outside donations to help win a tight race, a key participant in the alleged scheme says.

In a series of sensational claims, Pat Scaduto, a former staff representative for the Labourers' International Union of North America Local 183, says he handled the group's campaign finances and received instructions on how to hide big incoming cash amounts from detection during a tumultuous election two years ago.

"It was a cover-up, plain and simple," Scaduto said Tuesday in an interview where he implicated himself. "It was wrong and it likely tipped a close election in our favour."

But the union's international parent in Washington has already rejected Scaduto's call for an independent investigation, and a spokesperson for Local 183 said the allegations have no merit.

"We ran a clean campaign, so we don't have any concerns," said consultant Anne Creighton on behalf of Local 183. "When the local got a copy of the allegations, we immediately sent in all our records and we will co-operate in any way."

Labourers' International president Terry O'Sullivan said in a recent letter to Scaduto that his complaint is an election protest and not a disciplinary matter under the union's constitution, which means it should have been filed within 30 days of the June 2011 vote.

"These complaints are clearly and obviously untimely and are dismissed on that basis," said O'Sullivan, whose union's motto is "feel the power."

The election allegations follow decades of fierce infighting in the rough-and-tumble local, the biggest construction union in North America with 28,000 members in the GTA.

Local 183 factions who support the international union and rivals who want more Canadian autonomy have continually battled for the hearts and minds of members. The dispute has triggered mudslinging, punch-ups, abrupt firings, reprisals and millions of dollars in legal skirmishes, for which members foot the bills.

Scaduto, who was fired three days after filing his complaint with the international union last month, said in hindsight that he should have raised his concerns a long time ago and regrets remaining silent.



Patrick Scaduto, a former construction union rep, claims his election team covered up improper donations.

Andrew Francis Wallace/Toronto Star

“I’ve been thinking about it for a long time,” said the veteran union official “I’m remorseful and ashamed of what we did.”

Scaduto, 53, who was on short-term sick leave at the time of the termination and is suing the local for back and future pay, acknowledged that if the international union found his slate broke election rules, he would still lose his job.

In his affidavit, Scaduto said his slate recruited him in 2009 to help oppose a group of incumbents. Eventually, he was given responsibility for campaign finances.

But Scaduto said the slate could not raise enough among activists to mount a successful campaign, so they agreed on the possibility of accepting money from “any source” — including contractors and the international union, which favoured removing the existing leadership.

Labourers’ International election rules prohibit a union local and outside parties from making any donations or offering services to candidates or campaigns.

Scaduto said the group began receiving “large amounts of cash” but he received no firm confirmation about the sources of the money.

His affidavit said Nelson Melo, who would later win the Local 183 presidency by nine votes, provided him with handwritten lists of members to name in the campaign’s receipt book. Melo would then tell him what amounts to place beside their names, according to Scaduto.

“The individuals who were recorded as donors did not make the contributions for which receipts were provided,” he said in the affidavit. “Some of the persons named on the receipts were/are not even aware that their names were being used.

“On other occasions, cash would be distributed to members of the campaign team who would then issue cheques to the election campaign for the amounts of cash which they received.”

Scaduto provided the Star with what he described as copies of receipts from more than 100 contributors. Those receipts showed donations with many amounts for more than \$1,000 and one for \$3,500. Some contributors donated multiple times, according to the receipt copies.

In one case, Scaduto showed a receipt for \$1,000 to him, but he didn’t know the source of the money for the donation.

Scaduto estimated in the interview that his slate raised more than \$275,000 and he did not know the sources for at least \$25,000.

He said in the affidavit that another Local 183 business representative and supporter dropped him and Melo an envelope containing between \$15,000 and \$20,000 and told them that it came from a carpentry company employing union members. The two of them then distributed the money to nominal campaign contributors, he added.

“When large bundles of cash came in, we divided them among many names so it wouldn’t be obvious the money came from sources other than union members,” Scaduto said.

Melo and Jack Oliveira, a Local 183 official who led the slate and won the powerful business manager's post, did not reply to requests for comment on the allegations earlier this week.

Creighton responded on their behalf and indicated the two leaders don't like talking to the media. However, they have sent notices of libel to Scaduto regarding his allegations, she said.

"They made a commitment to be accountable and open when they ran for office," she said in their defence. "That was the whole point of the Oliveira campaign. They wanted to do things a new way."

Creighton described Scaduto as a former "disgruntled" employee, but she would not disclose reasons for his termination for "just cause" because of personal privacy concerns.

She also noted the allegations have surfaced just before the construction industry enters a so-called temporary "raiding period" where unions attempt to influence workers from rival organizations so they can sign them up and gain more members. Some of the incumbents who lost the 2011 election have joined another union.

Among other claims in the affidavit, Scaduto said a sportswear firm and a food company supplied his slate, but it paid only a small portion of the goods from campaign funds. Those two companies received lucrative contracts after the election, he added.

He also said Joe Eustaquio, a senior official at another Labourers' union agency and not a Local 183 member at the time, arranged a two-day campaign rally for the slate at Downsview Park that included a stage, band, carnival rides, free food and a beer truck.

Eustaquio got \$8,000, a sum that represented a fraction of his work and supplies at the event, which attracted 7,000 people, Scaduto said. Eustaquio did not respond to questions about the allegations.

Meanwhile, five former Local 183 leaders, who lost key posts in the 2011 election and their union memberships in a subsequent purge, have gone to a court to overturn the results and gain reinstatement.

The move comes after the Ontario Labour Relations Board decided not to hear their application because it wasn't "worth it" in view of the high costs to the parties and government. The former leaders had charged the Oliveira slate had received illegal support in the election from the international union, contrary to provincial labour law.

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