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From the Los Angeles Times

SEIU spending scandal spreads to Michigan

Rickman Jackson, former official in Los Angeles chapter, takes leave of absence from Michigan local. Action comes after Times reports of payments to firms owned by L.A. leader's family
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A spending scandal at California's largest union local spread to a second state Monday as the head of a sister labor group in Michigan stepped aside because of a widening financial inquiry.

The Service Employees International Union said that Rickman Jackson, who formerly served as chief of staff at the California organization, has taken a leave of absence from its biggest Michigan local less than a week after the president of the Los Angeles chapter relinquished his post.

Both departures followed reports in The Times that the local and a related charity paid hundreds of thousands of dollars to firms owned by the wife and mother-in-law of its president, Tyrone Freeman, and spent similar sums on a Four Seasons Resorts golf tournament, restaurants such as Morton's steakhouse, a Beverly Hills cigar lounge and a Hollywood talent agency.

The Times also disclosed that a housing corporation Freeman helped launch used the address of a Bell Gardens home that property records show is owned by Jackson. Freeman, Jackson and housing corporation representatives have declined to say whether Jackson was paid for any use of his residence.

SEIU spokeswoman Michelle Ringuette would not say Monday whether the union's inquiry into Jackson's activities was focused on his home and the housing corporation. The corporation, whose website says it was set up primarily to help union members obtain affordable housing, did not receive the tax-exempt status it sought and had lost its right to do business in California.

Freeman and Jackson were appointed by SEIU President Andy Stern, one of the country's most influential labor leaders. In a statement Monday, Stern said, "We will not tolerate any action by any leader that harms the interests of our membership."

Jackson could not be reached for comment Monday. In an earlier e-mail, he said he would have no comment on the union investigation. Freeman has denied any wrongdoing.

In its statement, the SEIU said it has enlisted former California Atty. Gen. John K. Van de Kamp to assist in the Los Angeles investigation, and that former California Supreme Court Justice Joseph Grodin has agreed to preside over an internal hearing on the inquiry next month.

The statement also announced that Stern's administration would seek trusteeship of an Oakland local that has resisted the union's efforts to shift 65,000 of its 150,000 workers to the chapter that Freeman headed. The Los Angeles local was placed in trusteeship last week and all of its officers were removed.

In the statement, Stern's office accused the Oakland local of improperly setting up a nonprofit and a legal defense fund with members' dues, misappropriating an internal database and retaliating against workers who criticized its leadership. The statement said that the union found significant evidence that the Oakland chapter's leadership "engaged in a pattern of financial malpractice and fraud."

Ringuette said she knows of no allegations that officers of the Oakland local or their relatives personally profited from any of the purported actions. The Times reported some of Stern's charges against the local in June.

The president of the Oakland organization, Sal Rosselli, denied the allegations Monday. He said the trusteeship move was an attempt to deflect attention from the spending inquiry in Los Angeles and now Michigan, and to punish him for fighting the 2-year-old proposal to transfer his members to Freeman's local.

"It's an act of desperation by Stern," Rosselli said. "They're just recycling stuff he's already talked about."

Ringuette said that wasn't true. "We're talking about members' dues money," she said. "We take these matters very seriously."

Under a trusteeship, the union's national office would take control of the Oakland local's finances and administration, as it has at the Los Angeles union.

Jackson, whose Michigan local has 55,000 members, said in his e-mail that he had been based there since 2005. But the Los Angeles local paid his \$133,000 annual salary through last year, when he also received about \$45,000 in unspecified disbursements from the union here, Labor Department records show.

Ringuette said she did not know why Jackson had remained on the Los Angeles payroll.

The housing corporation associated with Jackson's address was founded in 2004 as a nonprofit but was not granted an Internal Revenue Service tax exemption and had been suspended at one time from doing business in California for failing to file tax returns, according to records and interviews.

After The Times raised questions about the housing corporation, representatives for the firm said its right to do business had been restored and they were pursuing its tax exemption.

The corporation also had claimed on its website to have a "strong relationship" with the prominent California Community Foundation, which told The Times it had no such relationship. The statement subsequently was removed.

On Monday, a couple of dozen members of the Los Angeles local staged a demonstration at the union's regional headquarters on Wilshire Boulevard. They called for an independent investigation of the Los Angeles union.

"Tyrone Freeman has taken our dues and done unjustifiable things with them," one of the protesters, Karen Linzy, said afterward. "We want that money put back."

U.S. Labor Department officials have said they are aware of the reports on the local's spending, but declined to say whether they have opened an investigation.

The department is examining allegations that the local made it nearly impossible for challengers to run against Freeman and his slate of officers in a union election earlier this year, according to people close to the investigation. The charges focus in part on whether challengers were given enough time to gather signatures to qualify for the ballot.

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