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## **Transport Workers Union of America, AFL-CIO**

Harry Lombardo International President John Samuelsen International Executive Vice President Alex Garcia International Secretary-Treasurer

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January 29, 2015

To: All AA Locals 501 - 591

Re: Update Regarding the AA Equity Distribution Plan Lawsuits

The following is a status update on the lawsuits challenging the TWU AA Equity Distribution Plan.

In September, the Court dismissed the Demetris complaint because it failed to allege sufficient facts to state a claim for breach of the duty of fair representation. But the court granted the plaintiffs one more chance to amend their complaint to try to plead allegations sufficient to state such a claim. The plaintiffs then filed a much more detailed amended complaint. TWU again moved for dismissal, asserting that even if all of the allegations were accepted as true, the plaintiffs still had not asserted a legally sufficient claim of a breach of the duty of fair representation. The primary argument was that in a situation like this, the standard is whether the union acted wholly irrationally, discriminatorily, or in bad faith, and that when discretionary union decisions on allocation of gains and losses are challenged, the union is afforded significant discretion. TWU contended that based on the allegations of the complaint, the plaintiffs had not set forth a viable claim that TWU's decisions in designing the equity distribution plan were arbitrary or irrational, or that TWU had impermissibly discriminated against the plaintiffs. TWU further argued that the plaintiffs simply disagreed with the union's allocations of gains which are not enough for a complaint of breach of the duty of fair representation.

The court heard oral argument on TWU's motion to dismiss on January 15, 2015. Subsequent to the oral argument the court cancelled the case management conference that had been scheduled for February 3. The case

management conference would have been when the court would have set a schedule for activities in the case and decided whether to allow the parties to begin taking discovery. We assume that the court canceled the February 3 case management conference so that the case management conference would occur after the court rules on TWU's motion, because the order might affect the future course of the case. It is unwise to attempt to read anything more into the order to cancel the case management conference other than that the court believes it would be useful to decide the motion before anything else happens in the case.

The second case, Letbetter, is being held in abeyance pending resolution of the motion pertaining to the Demetris complaint. It is unclear how the disposition of the motion to dismiss the Demetris case will affect the Letbetter case.

Fraternally,

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Sean Doyle International Vice President

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