Charging Parties Closing Statement October 31, 2024

- The Charged Parties have done their best to confuse the issues and deflect attention away from what really matters in this case. Members of the panel, at the end of the day, this case is simple. I'm going to break down each of the five Charges as clearly as I can.

- The first and principal Charge in this case is that, as President of Local 2118, Mr. Robles defrauded and embezzled nearly one million dollars from the Union. He did this by devising a scheme to pay himself a salary and benefits that were never authorized by the Local 2118 Executive Board, contrary to his presentation yesterday. This was illegal -- the Local's Bylaws require the Executive Board to establish and approve the President's salary. They did not do that.

- Mr. Robles' confusing interpretations of the Allegiant CBA aren't important to this case. His mathematical calculations aren't important to this case. What he thought he was owed isn't important, and all of the time he spent trying to justify that he was worth more than he received from the members, - is not important. What other pilot unions pay leadership isn't important either—

- If the Executive Board had approved a salary for Mr. Robles, and it was reported in the minutes,

- If the Executive Board had approved his nearly $100,000 raise at the beginning of 2022, and reported it in the minutes, it wouldn't have been an embezzlement.

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- So, this case isn't about how much Mr. Robles was paid or should have been paid. We all agree that if you're doing union business, you should be compensated for that work. This case isn't about *what* Mr. Robles got paid, but *how* he got paid. It's about whether his salary was lawful. As my evidence and witness testimony has shown, Mr. Robles' salary scheme violated the Local's Bylaws and the Allegiant CBA. It was, therefore, illegal. And that's what this case is about.

- Section 14(A)(2) of Local 2118's Bylaws, which is Charging Party Exhibit 21, "empower[s]" the Executive Board to "establish" and "approve" the President's salary. According to the Merriam-Webster dictionary, "empower" means "to give official authority or legal power" to do something. So, the Bylaws give the Executive Board legal authority to set and approve the President's salary. Since the Executive Board is the only entity given the authority to set and approve the President's salary, it's required to set and approve the President's salary. The President is not given any authority to set and approve his own salary. Only the Executive Board is empowered to set and approve officers' salaries, ***and it is required to do so***. In addition, under Section 14(A)(2) of the Bylaws, any changes in officer salaries must be set forth in the minutes of the Executive Board meetings.

- The Executive Board never established or approved Mr. Robles' salary. Ryan Joseph, the Local's former Secretary-Treasurer, testified from the stand that the Executive Board never approved Mr. Robles' salary. Mike Preet, an IBT auditor, testified that there was never any discussion of Mr. Robles' salary in the Executive Board's minutes. In fact, none of the former members of the Executive Board — other than Mr. Robles himself — claimed in this proceeding that the Executive Board approved Mr. Robles' salary. Mr. Robles knew that the Executive Board had to approve his salary, which is why, in the video clip Ex # XX of a general membership meeting in October 2022 he played for us at this hearing, Mr. Robles lied to the Local's membership and reassured them that the Executive Board ***had*** approved his flight pay loss. If he didn't believe the Executive Board had to approve his salary, why would he have told the membership his pay was approved? Even Scott Hegland, the Trustee of Local 2118 when it was in administrative trusteeship, the very person who prepared Mr. Robles to take over the affairs of the Local, recognized in Charged Party Exhibit 22 # 13 that Mr. Robles' flight pay loss should have been agreed on by the Executive Board and transparently reported to the membership. ***It was not***.

- I will now break down for the Panel in the simplest terms possible how Mr. Robles' illegal salary scheme worked. "Flight pay loss" is the airline equivalent of lost time wages. It's paid to pilots who lose pay by dropping a scheduled flight to perform union business. The employer pays the pilot directly for the time he lost, and the union then reimburses the employer for those wages, plus an additional amount to cover the cost of benefits.

- Under Section 24(C)(2) of the Allegiant CBA, flight pay loss is limited to two situations: (1) Union Business days that have been blocked beforehand as a known absence; and (2) Short Term Union Business where a pilot drops a scheduled flight. Mr. Robles took another provision of the contract, Section 24(B), the Long Term Union Business provision, and combined it with Section 24(C)(2), the Flight Pay Loss provision, to give himself a salary that was never established or approved by the Executive Board. Section 24(A)(2) provides time off for Short Term Union Business. Section 24(C)(2) provides time off for Long Term Union Business. Mr. Robles claimed that he was on Long Term Union Business leave and so he gave himself Flight Pay Loss for 365 days a year. But even though the Allegiant CBA specifically provides flight pay loss for *Short Term* Union Business, it does not provide flight pay loss for *Long Term* Union Business. Mr. Robles created a new status under the CBA — "full-time flight pay loss". As Allegiant's Director of Flight Operations specifically recognized in an email to Mr. Robles, which is Charging Party Exhibit 12, "there is no such status in the CBA."

- Through this scheme, Mr. Robles manipulated the Allegiant CBA to create a disguised salary for himself. This disguised salary was never established or approved by the Executive Board, as the Bylaws require. It was also never reported in the minutes. Since Mr. Robles' salary did not adhere to the Bylaws, it was illegal. So, by getting the Local to reimburse the employer for this illegal disguised salary, Mr. Robles embezzled union funds.

- At this hearing, Mr. Robles has offered the panel a confusing and strained interpretation of the CBA to try to justify his illegal disguised salary. But Mr. Robles' interpretation is wrong, and, as my evidence demonstrates, he knew it is wrong. Under the CBA (specifically Section 24(C)(1)(c)) Flight Pay Loss is limited to "active" pilots. For this reason, Flight Pay Loss cannot be given to someone on Long Term Union Business. This is because a pilot is not required to be active when he's on Long Term Union Business under Section 24(B)(3). So, since a pilot on Long Term Union Business is not required to be "active," and a non-active pilot is ineligible for Flight Pay Loss, Flight Pay Loss cannot be given and was never intended to be given to a pilot on Long Term Union Business. In fact, as my evidence demonstrated, Mr. Robles himself recognized that a nonactive pilot is not eligible for Flight Pay Loss. In an email to Allegiant, which is Charging Party Exhibit 9, Mr. Robles claimed he was on "full-time FPL with the Union" and requested "a flight for currency." This demonstrates that Robles knew that to be eligible for flight pay loss, he had to be an active pilot.

- Moreover, Mr. Robles' own actions clearly show that he recognized his interpretation of the CBA was wrong. He knew that the CBA did not provide flight pay loss for a pilot on "long term union business." This is demonstrated by Charging Party Exhibit 24, which is a proposal for a flight pay loss provision that Mr. Robles submitted to Bill Fishburn, Director of Labor Relations in 2021. In this proposal, Mr. Robles suggests a mechanism for a pilot on long-term union business to maintain his eligibility for flight pay loss. It specifically states WHEREAS…24.B of the CBA… does not specify to **any** degree how a pilot on long term unions business… shall be paid." This proposal was not accepted. But the fact that Mr. Robles tried to change the CBA so that it says what he argues at this hearing that it already means demonstrates that his interpretation of the existing CBA language is wrong, and that he knows it is wrong. If Mr. Robles believed the CBA allowed an inactive pilot on long-term union business to receive flight pay loss, why would he have tried to change the CBA to specifically allow for that?

- Mr. Robles claims that the IBT Legal Department approved his interpretation of the CBA's flight loss provision. But the memo from an IBT attorney that Mr. Robles points to, which is Charged Party Exhibit 5, says *absolutely nothing* about flight pay loss for long-term union business. It addresses a completely different issue related to the waiver of the minimum day off requirement for pilots on union business. This is just another half-truth and distortion from Mr. Robles.

- So, as Mr. Robles clearly knew, the Allegiant CBA did not allow an inactive pilot to receive flight pay loss. But, importantly, Mr. Robles was not an "active" pilot for the entirety of the time he served as the Local's President and was receiving flight pay loss. He let his regulatory certifications lapse in November of 2021, which means he was no longer qualified and no longer eligible for flight pay loss. Mr. Robles admitted at the hearing that he had de-qualified; this is not in dispute. I'll say this one more time, as simply as possible: Mr. Robles was not an active pilot, meaning, under Section 24(C)(1)(c) of the CBA, he was not eligible for flight pay loss.

- The Charged Parties have offered nothing but half-truths, distortions, and deflections. They have tried to confuse and deflect but have not addressed the core of the Charges. At the end of the day, Mr. Robles created a disguised salary because he wanted more pay than the Executive Board would have approved. From the very beginning of his union career, when he represented the Allegiant Pilots in Local 1224 as EXCO chair, Mr. Robles has consistently tried to get higher pay for himself. My witness Tim Jewell, President of Local 1224 at the time, testified to that. So, when he became President of Local 2118, Mr. Robles manipulated the CBA's flight pay loss mechanism as a fraudulent means to give himself a disguised salary, even though he was an inactive pilot and for that reason was not qualified for flight pay loss under the CBA. The Executive Board never established, approved or authorized Mr. Robles' disguised salary. In total, during the time Mr. Robles was not qualified to work as a pilot for Allegiant, he sought and received flight pay loss in the amount of approximately one million dollars. These payments were made from the Local 2118 treasury and directly deposited into his bank account, and a check was sent from Local 2118 to Allegiant to reimburse that payment plus 23%. The payment of these funds to the company was orchestrated by Robles, and that is an embezzlement of union funds. That's Charge One.

- Now, let's talk about the other Charges. Charge Two alleges that Mr. Robles, as the Principal Officer of Local 2118, refused to develop and implement the financial and governance policies and procedures required by the International Constitution. There is no dispute that the Local's officers intentionally failed to implement these policies. When the Local was released from its administrative trusteeship in 2022, Scott Hegland, the Trustee of the Local, told Hoffa that the Local's officers-elect were "sufficiently capable to take over the administration of th[e] Local Union." But two years later, as my witnesses Joe Polo and Mike Preet testified, when a team of International investigators and auditors were sent to review the Local's records, the Local's officers admitted to IBT auditors that they didn't have any governance policies or procedures in place.

- They didn't have any policy or procedure manuals. They didn't have any resolution book. They didn't have any minutes book. In fact, they didn't even have resolutions or minutes. This is all undisputed. This violates the International Constitution and their duty as officer. It also gave Mr. Robles free reign to operate the Local as a dictator, without any oversight. And so, he used his position to benefit himself, not to help the membership.

- One example of this is his disguised salary. Another is the Local's Christmas party in 2022. Mr. Robles used union funds to hold a Christmas party at a posh nightclub. The only invited were members he favored and their friends and significant others. Invites did not go out to members at large.

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- As another example, Mr. Robles was expressly instructed by the General President's Executive Assistant that he couldn't use his personal credit card for union business. This is in Charging Party Exhibit 17. Mr. Robles followed the instructions until he was released from trusteeship, then informed his executive assistant that he was using it again. By doing so, Mr. Robles accrued over a million points he alone controlled, which he used to purchase items unnecessarily extravagant, which only he had access to. He did not transfer these points back to the union until my team specifically contacted his lawyers. I was unable to get control of this credit unlike all other accounts – because it was his personally.

- As another example, Mr. Robles disregarded a direct instruction from the General Secretary-Treasurer's office about how to approve the Local's monthly trustee reports. He didn't have the trustees review and sign the reports in person and properly witness, as required. Note: charged parties exhibit 24, page 2, is yet another example of incompetence and disregard with the trustees witnessing their own signatures…

- Lastly, the complete lack of financial controls resulted in approximately $157,000 in unapproved and unauthorized expenditures. Some of these date back to four years ago. Mr. Robles' complete indifference is demonstrated by his actions after the audit team began to investigate the Local in 2024. He hired a team of high-priced attorneys to draft a resolution to retroactively approve expenditures that had not been properly authorized as far back as 2020. My witness Joe Polo, an IBT auditor, testified to this.

- These aren't technical or insignificant violations. These are serious breaches of the officers' fiduciary duty.

- Charge Three relates to these same lawyers Mr. Robles hired to cover his tracks. The Charge alleges that Mr. Robles improperly spent tens of thousands of dollars from the Local's treasury to conceal his embezzlement scheme after the International audit began in 2024. These attorneys drafted policies and procedures purporting to retroactively approve Mr. Robles' illegal schemes and unauthorized expenditures. Mr. Robles does not dispute that he spent union funds to hire these lawyers or that they drafted policies to approve the Local's unauthorized expenditures retroactively. My witnesses, Joe Polo and Mike Preet, IBT auditors, testified to this. It is also reflected in Charged Parties Exhibit 12, a motion by Mr. Robles to approve the Local's expenditures from 2020 to 2024 retroactively. Using union funds to cover up improper behavior violates the International Constitution and the Local's Bylaws.

- Charge Four alleges that the Executive Board members, with the exception of Ryan Joseph, the Secretary-Treasurer, aided and abetted Mr. Robles in his scheme to defraud the Local. All Executive Board members are given fiduciary obligations under law. As fiduciaries, they have a duty to ensure that union assets are properly spent and accounted for. They have a duty to know how union funds are being used. There can be no dispute here that the Executive Board didn't carry out their fiduciary responsibilities. For example, they didn't approve Mr. Robles' disguised salary. They didn't approve thousands of dollars in union expenditures until two years later. And to the extent they claim to have approved the Local's expenditures, there is no record of it because there were no official minutes. Local 2118's officers didn't account for union funds, didn't properly approve expenditures, and didn't hold Mr. Robles accountable for his use of union funds. The Local's officers either knew about Mr. Robles' unlawful scheme or should have known about it as soon as the audit uncovered the wrongdoing.

- As I already mentioned, Mr. Robles played a video clip from a general membership meeting where he claimed that the Executive Board approved his flight pay loss. But that wasn't true. There was no record of this, and Mr. Robles himself has admitted the Executive Board never authorized his flight pay loss. The fact that the Executive Board allowed Mr. Robles to lie to the membership in this way violates their fiduciary obligations and their oath of office. At least two of the members of the Executive Board were trained and experienced Teamster officers. They knew better than to allow Mr. Robles to lie about union expenditures. But with the exception of one person, they didn't have the courage to speak up. They remained silent and allowed Mr. Robles to misuse union funds. This is aiding and abetting, and they should be held accountable as if they misused these union funds themselves.

- Not only did these officers remain silent, they actively attempted to retaliate against the one man with the courage to stand up and expose Mr. Robles' wrongdoing. This was Ryan Joseph, the Local's Secretary-Treasurer. As my witness, Josh Allen, testified, Mr.

Seiden and Mr. Rockwood told Mr. Allen they intended to bring fraudulent disciplinary charges against Ryan Joseph to get him fired because he blew the whistle on their misconduct. In rebuttal I was prepared to show that Mr. Robles gave Eric Valenzuela, an American Airlines pilot, full read-write access to QuickBooks in yet another effort to undermine the constitutional duties of Mr. Joseph.

- Members of the panel, as I said at the beginning of my statement, this case is not complicated. Mr. Robles took advantage of his position as President of a Teamsters Local to enrich himself at the expense of the membership. He was not eligible for flight pay loss because he was an inactive pilot, but he manipulated the CBA to use the flight pay loss mechanism to pay himself an exorbitant salary. This disguised salary was never approved by the Executive Board, as the Local's Bylaws require, and it was an embezzlement of union funds. The Executive Board violated their fiduciary duties by failing to speak up to prevent this unlawful scheme, and they retaliated against the one person who had the integrity and the courage to expose Mr. Robles' misconduct.

- This misconduct violates these former officers' oaths of office it violates the Local's Bylaws it violates the IBT Constitution, and it violates the spirit of unionism.