

Bruce Raynor's Legacy: The Mismanagement of Garment Workers' Assets



**Historic ILGWU NY headquarters – sold by Raynor after
merging his union (ACTWU) with the ILGWU**

First in a Series

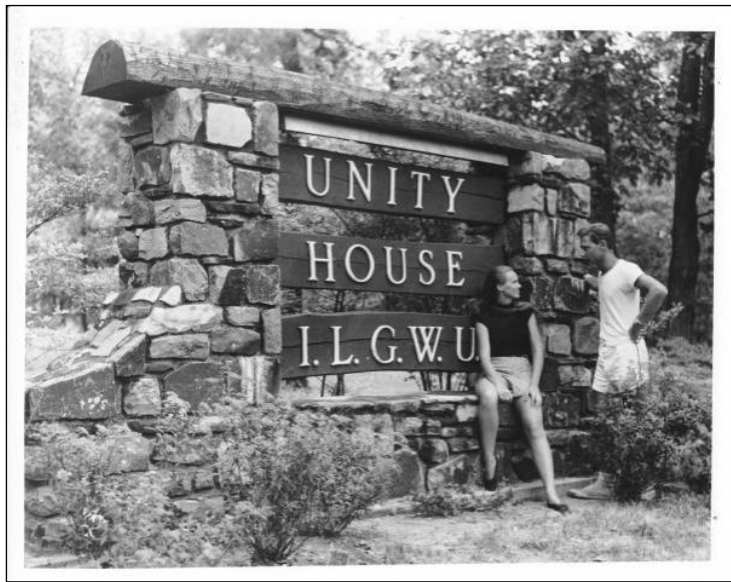
SEIU recently released a report purporting to provide a “history lesson” regarding the assets of Unite Here. While Bruce Raynor now charges Unite Here with “laying claim” to union assets that rightfully “belong” to him, the historical record provides a far different story.

As Bruce Raynor is well aware, the merger of UNITE and HERE in 2004 – approved overwhelmingly by the elected delegates and leadership of each union – clearly detailed that the property and assets of each union (including the Amalgamated Bank) became the property of the newly merged union Unite Here.

The irony, however, is that the key assets to which Raynor now lays claim to – the Amalgamated Bank and the 275 Seventh Avenue office building – were acquired by Raynor through mergers with other unions. In addition, rather than acting as a responsible steward of these inherited assets, the historical record clearly shows that Raynor and his allies participated (according to his own staff) in the “systematic reduction” of these assets.

The Amalgamated Bank of New York

Raynor started his career with the Textile Workers Union of America (TWUA). Facing near extinction, the TWUA sought a merger with the Amalgamated Clothing Workers of America (ACWA) in 1976, creating ACTWU.¹ According to the *New York Times*, the “financially stronger” ACWA had twice the membership of the TWUA, and owned the Amalgamated Bank of New York.² Raynor had nothing to do with the creation of the Amalgamated Bank, but simply gained access to the asset through the merger with the ACWA. Undoubtedly, if members of the old ACWA had sought to take the Amalgamated Bank back from ACTWU, Raynor would have vigorously fought any such attempt.



The historic ILGWU "Unity House" resort for garment workers - sold by Bruce Raynor in 2002

275 Seventh Avenue

In 1995, after a loss of 250,000 members from its peak, Raynor’s ACTWU pursued a merger with the International Ladies Garment Workers Union (ILGWU), forming UNITE.³ The ILGWU, with almost \$200 million in net assets, had about four times the assets of ACTWU, including an extensive portfolio of real estate.⁴ The ILGWU real estate portfolio included the 275 Seventh Avenue building, now the headquarters of Unite Here.

Mismanaging the Assets of Garment Workers

Raynor and the other leaders of SEIU argue that all they seek is “to preserve the legacy and assets built up by generations of garment workers.” They maintain these assets were developed by Raynor through “years of careful saving and investing.” However, rather than “preserving” the assets of garment workers, the historical record shows clearly that Raynor and his allies have engaged in the wholesale mismanagement of these assets.

After Raynor gained control of UNITE, he quickly embarked on a massive spending spree, liquidating the assets he acquired through the merger with the ILGWU to finance his deficits. From 1999 to 2003, Raynor sold \$59 million of formerly-ILGWU real estate assets. Raynor sold the former headquarters of the ILGWU for \$23 million in 2003, the ILGWU UNITY House for \$4 million in 2002 (a historic resort created by the ILGWU in 1924 for garment workers), and a number of other ILGWU properties for \$32 million.⁵

Financial Practices of UNITE vs HERE: 2000-2003

Category	UNITE	HERE
Avg. Membership	214,856	247,916
Expenditures	\$426.7 million	\$186.7 million
Operating Deficit	-\$327.8 million	- \$17.8 million
Net Income	-\$66.0 million	- \$5.0 million

The liquidation of the UNITE’s assets was necessitated by an extraordinary level of deficit spending by Raynor and his allies. From 1999 to 2003, President Raynor spent more than four times what UNITE received in member-based dues and per

capita, leading to a \$328 million operating deficit.⁶ This deficit spending led Edgar Romney, the former Secretary-Treasurer of UNITE (and now with the same title at SEIU’s Workers United) to warn UNITE’s executive board in 2003 that “we cannot continue to deficit spend and reduce our assets.”⁷ Similarly, Keith Mestrich, a senior assistant to Bruce Raynor, wrote in a 2004 pre-merger memo that he supported the “extremely important objective of ending the union’s practice of deficit spending and the systematic reduction of assets.”⁸

Raynor spent \$427 million from 1999-2003, yet only “organized” a little over 50,000 workers over the same time period. Many of these “organizing” gains came through UNITE’s raids on other unions, or mergers with smaller unions like the Textile Processors Union and the Laundry and Dry Cleaning International Union.

On the Backs of Workers: The Missing History Lesson

In their “history lesson” outlining their concern for the assets of garment workers, Raynor and Romney also neglected one important chapter of the history of UNITE – their participation in a scheme to accept millions in payments from garment companies in exchange for violating workers’ collective-bargaining agreements.

Raynor Does Not Speak for All Garment Workers

Although Bruce Raynor claims to speak for all present and former union garment workers in the United States and Canada since the establishment of textile unions in the early 1900s, there is one group of workers that Raynor cannot speak for – the over 15,000 former UNITE-side members who remain in Unite Here. For example, the Unite Here New England Joint Board – formed by the successive mergers of the TWUA, the ACWA, and ILGWU – has represented garment workers since the early 1900s.

Detailed in a series of investigative and media reports, UNITE (and the former ILGWU) accepted from garment companies over \$123 million in “liquidated damages” from 1986 through 1998. Companies paid UNITE “for violating contracts that prohibit garments from being made in nonunion factories,” according to *Women’s Wear Daily*.⁹ Both Raynor and Romney were signatories to this type of agreement.¹⁰ While adverse publicity stopped the practice by UNITE, community activists pointed to the sweatshop conditions at UNITE’s shops, and lack of enforcement by the union of the basic terms of the workers’ collective-bargaining agreements. One Chinatown sweatshop activist noted publicly that “the union [UNITE] has a closer relationship with the boss than the worker.”¹¹

Conclusion

Bruce Raynor maintains that the assets of Unite Here “belong” to him. This claim is an insult to garment workers, and all trade unionists, who believe that union members ultimately own and democratically control the Union’s assets – not any one labor leader.

In 2004, members of UNITE and HERE democratically approved a new constitution and merger agreement, each contributing their assets to the new union. Rather than settling his differences at Unite Here through the democratic process, Raynor chose to split the union apart in a civil war, claiming the assets of Unite Here as the property of his band of allies. These actions by Raynor dishonor the legacy of all trade unionists that have fought for a democratic labor movement.

Endnotes

¹ United Textile Workers of America LM2 filed with the U.S. Department of Labor, 1976

² New York Times, February 26, 1975

³ "Apparel Workers' 2 Largest Unions Agree To Merge," Baltimore Sun, February 21, 1995.

⁴ ACTWU and ILGWU LM2s filed with the U.S. Department of Labor, 1995

⁵ UNITE LM2s filed with the with the U.S. Department of Labor, 1999-2003.

⁶ Ibid.

⁷ UNITE Memorandum from Edgar Romney to the UNITE General Executive Board, August 2003.

⁸ UNITE Memorandum from Keith Mestrich and Ernest Bennett to Bruce Raynor, February 12, 2004.

⁹ "UNITE Gleaned \$16.7 Million in Liquidated Damages in 1997," Women's Wear Daily, July 29, 1998; "Liquidated Damages: Cost of Doing Business or Windfall for UNITE?," Women's Wear Daily, July 16, 1998.

¹⁰ See, for example, the 1997 UNITE agreement with Liz Claiborne filed with the Securities and Exchange Commission.

¹¹ "Discord Rocks Garment Union / Workers: Our leaders are failing us," Newsday, May 5, 2001.