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United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

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November 14, 2023

VIA ELECTRONIC TRANSMISSION

Sean O'Brien
General President
International Brotherhood of Teamsters
25 Louisiana Avenue, N.W.
Washington, DC 20001

Dear Mr. O'Brien:

I write to express my concern that the International Brotherhood of Teamsters' Central States Pension Fund (the Plan or Central States) submitted the names of 3,479 dead participants when applying for special financial assistance, causing the Plan to receive \$127 million more in taxpayer funding than it was legally entitled.¹ After receiving \$36 billion in bailouts from the American taxpayer under President Biden's American Rescue Plan, I urge Central States to do the right thing and return the overpayment to the Pension Benefit Guaranty Corporation (PBGC), thereby fulfilling the public commitment you made to this Committee on November 14th.

Unfortunately, Central States' pension crisis is of its own making. The Plan was plagued by corruption and mismanagement which led it to the brink of insolvency before receiving its government bailout.² For example, the Plan loaned tens of millions of dollars to organized crime-affiliated racketeers and mobsters under the leadership of Jimmy Hoffa in the 1960s and 1970s.³ The Department of Labor's 1982 consent decree was not lifted until earlier this year.

It is troubling that the Plan—which pays employees lifetime benefits—does not have adequate internal oversight controls to determine whether or not a beneficiary passed away before paying benefits. This indicates that the Plan remains, at best, poorly managed and, at worse, corrupt. Therefore, to understand how the Plan intends to rectify this error, I request you answer the following questions, on a question-by-question basis, by close of business on November 28, 2023:

¹ See generally Memorandum to Gordon Hartogensis, Director, PBGC, from Nicholas J. Novak, Inspector General, PBGC, (Nov. 1, 2023), <https://oig.pbgc.gov/pdfs/EVAL-2024-01.pdf>.

² See PENSION BENEFIT GUARANTY CORPORATION, CENTRAL STATES PENSION FUND, REVISED SPECIAL FINANCIAL ASSISTANCE APPLICATION OF THE CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS PENSION FUND (Aug. 12, 2022).

³ See Mary Williams Walsh, *Teamsters Find Pensions at Risk*, THE NEW YORK TIMES (Nov. 15, 2004), <https://www.nytimes.com/2004/11/15/business/teamsters-find-pensions-at-risk.html>.

1. What internal oversight controls does the Plan have in place to ensure that it has accurate information on the Plan's participant population?
2. Following the OIG's findings, and the inclusion of 3,479 deceased participants in its request for special financial assistance, does the Plan intend to audit its internal oversight controls? If so, please describe the Plan's audit plan and timeline. If not, why not?
3. For the 3,479 deceased participants included in its special financial assistance application, have any of these funds been paid out? If so, what is the status of these distributions?
4. How long were these 3,479 participants improperly represented as living?
5. Does the Plan intend to claw-back funds improperly paid to the 3,479 deceased participants? If not, why not?
6. Does the Plan intend to return the \$127 million overpayment to the Federal government? If not, why not?

Thank you for your prompt attention to this very important matter.

Sincerely,

A handwritten signature in blue ink that reads "Bill Cassidy, M.D." with a horizontal line underneath.

Bill Cassidy, M.D.

Ranking Member

U.S. Senate Committee on Health,
Education, Labor, and Pensions