

Wal-Mart accused of anti-union illegal acts

Sunday, April 10, 2005

By Michael Barbaro, The Washington Post

ROGERS, Ark. -- The former head of Wal-Mart's U.S. operations, ousted from the board after the alleged misuse of corporate funds, has maintained that the money was spent on anti-union activities such as paying people to identify stores where union leaders planned to recruit, according to a source familiar with the matter.

Such payments could violate federal law if they went to current union members. But lawyers for Thomas Coughlin, in rebutting what the company has called a "disagreement" over expense reimbursements, will argue that although he periodically paid people to keep tabs on organizing activity in Wal-Mart stores, none of the recipients were members of a union, the source said.

Coughlin "believes he was doing what was in the company's interest" by collecting information on union activity, said the source, who spoke on condition of anonymity. In countering the company, his lawyers will contend "he was not stealing" but reimbursing himself for work-related expenses, the source said.

Coughlin has not been charged with a crime. Wal-Mart Stores Inc. has turned the matter over to the U.S. attorney for the Western District of Arkansas. The U.S. attorney's office declined to comment Friday.

Coughlin, once the No. 2 executive at the company, stepped down as a board member two weeks ago after an internal investigation raised questions about the use of up to \$500,000 in company funds, Wal-Mart said. The investigation, which prompted the company to fire three employees, focused on the alleged unauthorized use of corporate gift cards and suspect expense reports.

In a written statement, Coughlin's attorneys, Blair Brown and William Taylor, said their client "did not seek nor obtain any improper reimbursements from Wal-Mart" and added: "We are unable to respond further to allegations concerning expense reimbursement without seeing the records. Wal-Mart has refused to provide them."

Wal-Mart spokeswoman Mona Williams issued a statement saying that an internal investigation had found "no evidence whatsoever" that Coughlin used the money to support anti-union information gathering, a contention reported in Friday's Wall Street Journal.

"To the contrary, the evidence shows that corporate funds were misappropriated and used for the personal benefit of specific individuals," Williams wrote. She would not comment on the demand that Coughlin be given access to company documents.

Paying union members for information about organizing efforts is prohibited by the 1947 Taft-Hartley labor relations act. It also violates federal law to pay a current employee for information about union organizing activities, according to Robert Bruno, professor of labor and industrial relations at the University of Illinois at Chicago.

Wal-Mart already has a hard-nosed image when it comes to unions. Earlier this year, the company announced it would close a Canadian store that had recently voted to organize, saying the Quebec outlet was not profitable. In 2000, shortly after 11 Wal-Mart meat cutters in Texas voted to be represented by the United Food and Commercial Workers union, the company announced it would pre-package meat and eliminate meat cutter jobs company-wide.

The UFCW, which is trying to organize Wal-Mart's 1.2 million employees, called on the company to release any relevant documents and sharply criticized its labor practices. Wal-Mart contends that unions make retailers inefficient and has successfully resisted their formation at its 3,000 U.S. stores.

The Coughlin incident is the latest misstep for a company that prides itself on strong corporate ethics. Placards reminding vendors they cannot give gifts to Wal-Mart employees pepper the walls of its headquarters not far from here. The company also agreed to an \$11 million settlement of a case involving a Wal-Mart contractor's use of illegal immigrants.

Coughlin's ouster stunned Wal-Mart employees because of his commanding position in the company. He worked at the company for more than 20 years and until December, when he resigned as vice chairman, Coughlin oversaw Wal-Mart, Sam's Club and Walmart.com.