

**UNITED STATES OF AMERICA
BEFORE THE NATIONAL LABOR RELATIONS BOARD
WASHINGTON, D.C.**

**Dana Corporation and Clarice K. Atherholt,
Petitioners**

and

**International Union, United
Automobile, Aerospace and Agricultural
Implement Workers of America, AFL-CIO**

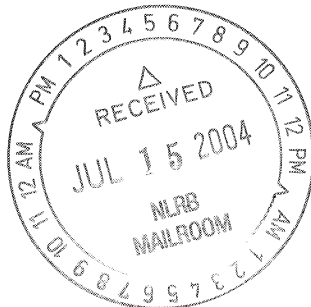
**Cases 8-RD-1976
 6-RD-1518
 6-RD-1519**

**Metaldyne Corporation and Alan P. Krug and
Jeffrey A. Sample,
Petitioners**

and

**International Union, United Automobile,
Aerospace and Agricultural Implement
Workers of America, AFL-CIO**

**BRIEF *AMICUS CURIAE* OF THE WACKENHUT CORPORATION
IN SUPPORT OF THE PETITIONERS**



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**BRIEF *AMICUS CURIAE* OF THE WACKENHUT CORPORATION
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The Wackenhut Corporation (“Wackenhut”) respectfully submits this brief *amicus curiae* in the above-captioned cases. Wackenhut urges the Board to rule that an employer’s voluntary recognition of a union pursuant to a neutrality/card check agreement should not bar a decertification petition where that agreement is entered into prior to the union demonstrating majority support. Wackenhut further urges the Board to consider the broader implications of neutrality/card check agreements and to place strict limits on their use, and on what unions may do in attempting to coerce employers to enter into such agreements.

STATEMENT OF INTEREST

With over 38,000 employees, Wackenhut is a leading provider of security services to major United States corporations as well as government agencies. In 2002, Wackenhut merged with a Danish company, Group 4 Falck, the world's second largest provider of security services; Wackenhut is now a subsidiary of Group 4 Falck. Among other things, Wackenhut provides uniformed security officers, and conducts investigations, background checks, and security audits and assessments. Wackenhut employs both unionized and non-unionized employees, and has collective bargaining agreements with more than a dozen different unions.

Like many other employers, Wackenhut has experienced growing pressure from unions to consent to neutrality/card check agreements. The Service Employees International Union ("SEIU") is currently engaged in an aggressive "corporate campaign" against Wackenhut. At the heart of that campaign is the SEIU's demand that Wackenhut agree to a broad neutrality/card check agreement. See Proposed Agreement Between the Service Employees International Union, AFL-CIO and the Wackenhut Corporation ("the National Card Check Agreement"), attached as Exhibit 1 hereto.

To date, the Board has provided little guidance regarding the lengths to which a union may go to force an employer to agree to a neutrality/card check agreement. While the pending cases focus on whether employees may seek decertification following voluntary recognition obtained pursuant to a neutrality/card check agreement, they also present the Board with the opportunity

to examine the broader implications of such agreements. Wackenhut writes as an *amicus* to urge the Board to take this opportunity to address the competing statutory rights at issue in these situations and adopt strict limits on the use of corporate campaigns to coerce employers to agree to neutrality/card check agreements that extend beyond existing bargaining units.¹

I. STATEMENT OF THE CASES

The facts at issue in the Dana Corp. and Metaldyne Corp. cases are addressed only briefly in this brief. Both Dana Corporation (“Dana”) and Metaldyne Corporation (“Metaldyne”) entered into neutrality and card check agreements with the United Automobile, Aerospace and Agricultural Implement Workers of America (“UAW”). The UAW began organizing drives at both companies and solicited authorization cards from maintenance and production employees. The UAW then informed both employers that it was able to demonstrate majority support through signed cards. Following a card check, both Dana and Metaldyne voluntarily recognized the UAW.

Within weeks after the UAW achieved voluntary recognition, employees of both companies filed petitions for decertification elections supported by showings of

¹ See Herbert R. Northrup & Charles H. Steen, *Union “Corporate Campaigns” as Blackmail: The RICO Battle at Bayou Steel*, 22 Harv. J.L. & Publ. Pol’y 771 (1998-99); C. Edward Fletcher III, *The Corporate Campaign – Labor’s Ultimate Weapon or Suicide Bomb?*, 65 N.C. L. Rev. 85 (1986-87) (asserting that unions’ corporate campaign tactics have grown increasingly aggressive and, in some aspects, may violate labor, antitrust and state tort laws).

interest. Citing Keller Plastics Eastern Inc., 157 NLRB 583 (1966), the Regional Director dismissed the petitions as untimely under the recognition bar doctrine, ruling that the employers' voluntary recognition of the UAW pursuant to the neutrality/card check agreements barred all decertification petitions for a reasonable period of time. The employees who filed the petitions for decertification elections subsequently filed Requests for Review, which were granted by the Board.

II. THE RECOGNITION BAR SHOULD NOT APPLY WHERE RECOGNITION IS OBTAINED THROUGH A NEUTRALITY/CARD CHECK AGREEMENT SIGNED BEFORE THE UNION DEMONSTRATES MAJORITY SUPPORT

The card check process is an inherently less reliable way of measuring employee support of unions than is a Board supervised secret-ballot election. See Linden Lumber v. NLRB, 419 U.S. 301 (1974); Dana Corp., 341 NLRB No. 150, Slip Op. at 1 (Order Granting Review) (“the secret ballot election remains the best method for determining whether employees desire union representation.”). A secret-ballot election permits employees “to cast a secret vote under laboratory conditions and under the supervision of a Board agent. By contrast, a card-signing guarantees none of these protections.” Id. Card check agreements deprive employees of the opportunity to ever cast a secret vote regarding union membership. Moreover, employees are pressured – often intensely – to state their desire for union representation by signing a union card, or by publicly refusing to do so.

Combining an employer neutrality agreement with a card check provision only enhances the possibility that employees will be deprived of their Section 7 rights as a result of Union misrepresentations and coercion during an organizing campaign. Application of neutrality provisions effectively deprive employees of the opportunity to hear the employer's point of view, and thus typically result in a one-sided depiction of unionization. This is particularly problematic for less educated employees who may not understand the ramifications of signing a union authorization card.

Neutrality and card check agreements entered into before a union has demonstrated majority support should not bar a subsequent decertification petition.² The potential abuses inherent in the card check process, and the resulting unreliability of recognition obtained through neutrality/card check agreements, are compelling reasons to permit employees to express their views on unionization through a petition filed pursuant to Section 9 of the Act.³ Simply stated, compared to a secret-ballot election supervised by the Board, there is a

² Wackenhut does not contend that neutrality and card check agreements are *per se* unlawful in all circumstances. Wackenhut agrees with the majority of the Board that the principles enunciated in Kroger Co., 219 NLRB 388 (1975) are not applicable to the cases presented. See Dana Corp., 341 NLRB No. 150 (Order Granting Review) (2004). These cases thus do not present the question of the extent to which parties can lawfully agree on extending representation to new facilities in existing bargaining units prior to the union's obtaining majority status at the facilities.

³ Wackenhut expresses no opinion as to whether the Board's various election bar rules should apply to petitions filed by rival unions in these circumstances.

greater likelihood, if not a certainty, that union recognition obtained through card check does not truly reflect employee sentiment regarding union representation. Employees must be given a meaningful opportunity to combat false perceptions of majority support for unionization created by the card check process.⁴ As such, employees in these circumstances should be permitted to seek decertification immediately following voluntary recognition by an employer, rather than being required to wait for some “reasonable” period of time.

III. THE BOARD SHOULD CLARIFY THE EXTENT TO WHICH UNIONS MAY DEMAND THAT EMPLOYERS ENTER INTO NEUTRALITY/CARD CHECK AGREEMENTS

These cases demonstrate the impact of neutrality/card check agreements on employees who, it appears, may oppose union representation after voluntary recognition has been extended. The cases thus highlight one of the many problems that can arise after a neutrality/card check agreement is obtained. Coercive attempts by unions to force employers to enter into such agreements is an equally pernicious problem.

Wackenhut is just one of many employers that have faced union-sponsored pressure to sign neutrality/card check agreements meant solely to facilitate

⁴ This opportunity is particularly important given that unions have an unlimited period of time in which to engage in organizing activity. In lengthy organizing campaigns, there is often a real concern that support for the union has waned, making reliance on cards that much more suspect.

organizing efforts beyond recognized bargaining units.⁵ Given the increased prevalence of these efforts, the Board should limit the extent to which unions can force employers to agree to neutrality/card check agreements. Because of potential abuses inherent in the card check recognition process, methods used by unions to obtain such agreements should be closely monitored by the Board. Simply put, a union should not be allowed to engage in coercive conduct against an employer simply because it refuses a demand to sign a neutrality/card check agreement. Section 9(b)(3) of the Act makes such conduct particularly abusive for employers in the security-services industry, such as Wackenhut.⁶ Wackenhut urges the Board to take this opportunity to strike the appropriate balance as to the competing rights of employers, employees and unions in these situations. The Board should make clear that unions may not use corporate campaigns and other coercive tactics to force an employer to agree to union demands for neutrality/card check agreements that would extend beyond existing bargaining units.

⁵ The Board recognized that “the use of voluntary recognition has grown in recent years.” *Dana Corp.*, 341 NLRB No. 150. See also Charles Cohen, *Neutrality Agreements: Will the NLRB Sanction Its Own Obsolescence?*, 16 Lab. Law. 201 (2000); George N. Davies, *Neutrality Agreements: Basic Principles of Enforcement and Available Remedies*, 16 Lab. Law. 215 (2000) (“the negotiation and use of . . . [card check and neutrality agreements] are becoming more common in current day labor relations”).

⁶ Pursuant to Section 9(b)(3), a mixed-guard union, such as the SEIU, may only represent an employer’s guards if that employer voluntarily agrees to recognize the union in a particular bargaining unit. See e.g. *Wackenhut Corp.*, 287 NLRB 374, 376 (1987).

A. Wackenhut's Situation Illustrates Unions' Increasing Pressure Tactics to Obtain Neutrality and Card Check Agreements.

Wackenhut's situation underscores the need for the Board to closely monitor the negotiation of neutrality/card check agreements. In 1999, Wackenhut entered into a collective bargaining agreement with the SEIU covering a geographically-defined bargaining unit in Chicago. That agreement expired in December 2001 and negotiations ensued for a new agreement. During those negotiations, the SEIU sought to increase its membership by demanding, for the first time, expansion of the geographic scope of the bargaining unit. Wackenhut rejected that proposal, and the parties reached impasse over that issue. In response, the SEIU subsequently demanded that Wackenhut agree to the National Card Check Agreement. See Exh. 1.

Pursuant to the proposed National Card Check Agreement, Wackenhut would be required to "remain neutral on the issue of unionization" and to agree to card check recognition as the means "to determine worker preference where SEIU seeks to represent a group of Wackenhut employees." Id. at ¶ 1. The Agreement would also force Wackenhut to immediately apply a master collective bargaining agreement to locations outside existing bargaining units. Id. at ¶ 2. The National Card Check Agreement would also require Wackenhut to agree to neutrality and card check provisions in other cities across the country. Id. at ¶¶ 3-4.

Wackenhut refused to agree to the SEIU's demands in the sincere belief that employees should be free to decide whether to unionize through secret-ballot elections. In subsequent discussions, the SEIU has conditioned agreement to a new

contract covering employees in Chicago and San Francisco on Wackenhut's consent to the National Card Check Agreement.

In support of its demand for the National Card Check Agreement, the SEIU launched an aggressive and negative corporate campaign against Wackenhut. The campaign has included widespread distribution of false and misleading information about Wackenhut, attempting to smear its reputation which has been built over the course of 50 years. To that end, the SEIU created a website, www.eyeonwackenhut.com, dedicated to denouncing Wackenhut. Pandering to the public's fear of global terrorism, the SEIU wrongly asserts that "Wackenhut is putting our homeland security at risk" and assails the Company's integrity and professionalism. See Exh. 2. On the website, the SEIU alleges that Wackenhut has dangerous hiring practices, provides limited training to its security guards, forces its guards to work excessive overtime and is to blame for numerous alleged security lapses. See Exh. 2; www.eyeonwackenhut.com. The SEIU has also distributed flyers to Wackenhut customers criticizing Wackenhut's security services and attacking Wackenhut for its failure to sign the neutrality/card check agreement. See Exh. 3.

The SEIU's corporate campaign has gone international, with a variety of steps intended to pressure Group 4 Falck, Wackenhut's Denmark-based corporate parent. The SEIU has created a website, www.focusongroup4falck.com, solely to attack Group 4 Falck and Wackenhut. Among other things, the website claims, that "Wackenhut's poor labor relations are spreading to other countries . . . and are

threatening Group 4 Falck operations globally.”

http://seiu24.advocateoffice.com/index.asp? Type=B_BASIC&SEC=%7bF80AAC64-98F1-4CFC-B94A-8F3752221137%7d. The SEIU is also attempting to derail ongoing merger discussions between Group 4 Falck and Securicor, another security company based in the U.K. In that regard, the SEIU has contacted Securicor shareholders, urging them to condition their support for the merger on an agreement that Wackenhut will acquiesce and sign the national agreement. See Exh. 4. These letters threaten that, unless Wackenhut signs the agreement, a “prolonged dispute [may] . . . continue after the merger.” See Id. In sum, the SEIU has been adamant both in its insistence that Wackenhut sign the National Card Check Agreement, and intent on escalating its campaign of disruptive tactics intended to force Wackenhut’s submission to its demands.

B. The Board Should Condemn Union Coercive Conduct Intended to Obtain Neutrality and Card Check Agreements that Extend Existing Bargaining Units

The SEIU’s corporate campaign against Wackenhut demonstrates the lengths to which a union will go to force an employer to sign a neutrality/card check agreement. The SEIU has launched a corporate campaign intended to inflict significant damage to Wackenhut’s business and reputation simply because the company rejected a nationwide neutrality/card check agreement. The SEIU’s conduct is unmistakably intended to force Wackenhut to grant “voluntary” recognition in facilities beyond existing bargaining units, thereby expanding the scope of those bargaining units. The SEIU likewise intends to force Wackenhut to

apply previously-negotiated collective bargaining agreements to facilities located beyond existing bargaining units. Such demands are permissive bargaining subjects; a party's proposal to expand the scope of a bargaining unit is undeniably a permissive bargaining subject. See e.g. Chicago Truck Drivers, Helpers and Warehouse Workers (Signal Delivery Service), 279 NLRB 904, 906 (1986); c.f. Allied Chemical Workers v. Pittsburgh Plate Glass, 404 U.S. 157 (1971). Coercive conduct taken in support of a permissive bargaining proposal, after the parties reach impasse, is plainly unlawful. IBEW, Local 1049 (Lewis Tree Serv. Inc.), 244 NLRB 124 (1979) (union violated Section 8(b)(3) by insistence on, and threat to strike over, proposal to expand the scope of the bargaining unit).

The Board should take this opportunity to declare that it is unlawful for unions to engage in coercive conduct in support of demands to expand existing bargaining units and/or demands to apply collective bargaining agreements to facilities outside existing bargaining units. There is ample authority for both of these conclusions.

In Lone Star Steel v. NLRB, 639 F.2d 545 (10th Cir. 1980), the Tenth Circuit held that an "application of contract" clause that extended a collective bargaining agreement to employees outside the bargaining unit was a permissive subject of bargaining because the purported objective of the clause was not a "direct frontal attack" on issues that "vitally affected" the bargaining unit. Lone Star Steel, 639 F.2d at 558-59.

In Pall Biomedical Products Corp., 331 NLRB No. 192 (2000), the Board found that an agreement requiring the employer to extend recognition to the union at a new facility concerned a mandatory subject of bargaining. The United States Court of Appeals for the District of Columbia Circuit denied enforcement of the Board's ruling. See Pall Biomedical Products Corp. v. NLRB, 275 F.3d 116 (D.C. Cir., 2002). Noting that the letter agreement neither included the new facility's employees in the bargaining unit nor extended the existing collective bargaining agreement to them, the D.C. Circuit concluded that the agreement "has the single effect of allowing the Union to achieve recognition [at the new facility] without winning a Board-conducted election." Id. 275 F.3d at 122. The court held that "prescribing the manner of recognition at a new facility is not a 'direct frontal attack' upon the problem of transfer of work facing employees at already organized facilities" and thus was not a mandatory subject of bargaining.

The SEIU's proposed National Card Check Agreement in no manner presents a "direct attack" on an issue that "vitally affects" the previously existing bargaining unit and, as such, should be considered a permissive subject. The Agreement plainly expands the scope of existing bargaining units. See Exh. 1 at ¶¶ 2-4. The Agreement likewise impermissibly extends the union's jurisdiction to facilities located beyond existing bargaining units, in precisely the same manner as the contract clause found unlawful in Lone Star Steel. See Lone Star Steel, 639 F.2d at 558. Moreover, the clause regarding government contracts simply dictates the

manner of recognition at new establishments and, as a mere organizing tool, plainly cannot be a mandatory subject. See Pall, 275 F.3d at 122.

There can be no valid argument that the proposed National Card Check Agreement “vitaly affects” the terms and conditions of employees in existing bargaining units by reducing incentives for the company to transfer work from one facility to another. Wackenhut stations its guards wherever its customers have facilities. The only effect of most of the provisions in the National Card Check Agreement is to facilitate union organizing and permit the union to achieve recognition without going through the preferred, secret-ballot election process.

In light of the Tenth Circuit’s decision in Lone Star and the D.C. Circuit’s recent decision in Pall, the Board should take this opportunity to declare that it is unlawful for a union to insist on card check and neutrality agreements sought for the purposes of expanding bargaining units or extending recognition to separate bargaining units. The Board should likewise declare that coercive conduct in support of demands for such agreements, against the wishes of employers, is also unlawful.

The SEIU’s corporate campaign against Wackenhut is particularly egregious because of Section 9(b)(3) of the Act. The Board and the courts have long recognized that any recognition of a mixed-guard union as representative of an employer’s guard employees must be purely voluntary on the part of the employer. See Wackenhut Corp., 287 NLRB 374, 376 (1987) (“[A] mixed guard union may do no more than ask an employer for such recognition [of a guard unit]. When recognition

is refused it cannot resort to economic weapons to obtain what the employer chooses not to grant.”); Northwest Protective Service, Inc. 2003 WL 21395502 (ALJD June 10, 2003) (same); NLRB v. White Motor Corp., 404 F.2d 1100, 1103 (6th Cir. 1968) (“While it is not improper for a . . . [mixed guard union] . . . to make an initial request for recognition as agent of the guards, it is important to realize that this request is one which, unlike most labor-management matters, the employer has the unqualified right to refuse, unilaterally. When an employer refuses recognition, the union may press its case no further.”).

Congress duly recognized the inherent conflict that exists when guards, who serve to protect an employer’s property, are represented by the same union that represents non-guard employees. Congress enacted Section 9(b)(3) “to shield employers of guards from the potential conflict of loyalties arising from the guard union’s representation of nonguard employees or its affiliation with other unions who represent nonguard employees.” Wells Fargo Corp., 270 NLRB 787 (1984). Pursuant to Section 9(b)(3), the Board *may not* certify a mixed-guard union as the representatives of a bargaining unit of guards, though an employer may *voluntarily* agree to recognize such representation, unless the employer, in its sole discretion, determines there are valid reasons to do so.

The SEIU’s continued insistence that Wackenhut enter into the National Card Check Agreement, in light of the Company’s unequivocal rejection of that demand, undermines the purpose of Section 9(b)(3) and violates Wackenhut’s right to reject any attempt by a mixed-guard union to organize its guards. Unions should

not be permitted to use neutrality/card check agreements to expand their jurisdiction outside traditionally recognized bargaining units in situations governed by Section 9(b)(3) of the Act.

CONCLUSION

The scope of the recognition bar vis-à-vis neutrality/card check agreements, the mandatory or permissive nature of demands for agreements, and the intersection between such agreements and Section 9(b)(3) are but a few of the issues that arise in the context of neutrality and card check agreements. The Board should consider the broader questions regarding neutrality and card check provisions in its ruling here, and should take this opportunity to make a clear statement regarding the limits on a union's ability to use corporate campaigns to obtain broad-reaching neutrality/card check agreements that extend beyond existing bargaining units.

Respectfully submitted,



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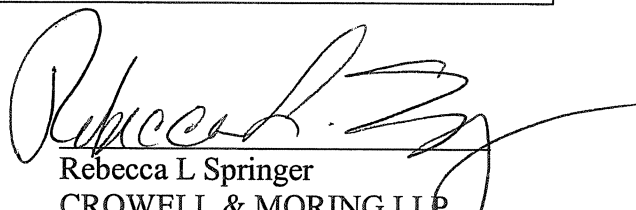
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Certificate of Service

I hereby certify that on this 15th day of July, 2004, I have caused a copy of the foregoing Brief *Amicus Curiae* of the Wackenhut Corporation in Support of the Petitioners to be delivered by Federal Express Delivery to:

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EXHIBIT

1

AGREEMENT BETWEEN THE SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO
AND THE WACKENHUT CORPORATION

In order to resolve all of the disputes between the parties and to build a framework for a productive relationship which will benefit both parties, Group 4 Falck and The Wackenhut Corporation (hereinafter referred to collectively as "Wackenhut") and the Service Employees International Union on behalf of itself and its affiliates (hereinafter referred to collectively as "SEIU"), agree as follows:

1. Workers Freedom to Form a Union: Wackenhut recognizes the right of every worker to be represented by a union of his or her choice. Therefore, it agrees not to interfere with its workers forming a union, to remain neutral on the issue of unionization and to recognize the union when a majority of a particular group of workers demonstrate their support for a particular union. The parties further agree that card-check recognition is a well-established means for determining worker preference and is both fair and efficient. It is currently the accepted means for obtaining recognition in both the Chicago and San Francisco markets where Wackenhut has previously engaged in collective bargaining. Accordingly, the parties agree that it is the appropriate means to use to determine worker preference where SEIU seeks to represent a group of Wackenhut employees.
2. Collective Bargaining in Established Markets: In the Chicago suburbs and the San Francisco Bay Area, where the vast majority of the security industry is unionized, Wackenhut agrees to immediately sign the collective bargaining agreements which have the same terms and conditions as the agreements already signed by the majority of significant contractors in the market. With respect to any accounts covered by the agreement but not previously unionized, Wackenhut will grant recognition at those sites and apply the master agreement upon SEIU's showing of majority support at the site by means of a card-check.
3. Collective Bargaining In New Cities: In cities where a majority (measured by square footage under contract in buildings over 100,000 sq. ft.) of contractors in a commercial office building security market have agreed to a standard recognition process and to negotiate a market wide collective bargaining agreement, Wackenhut agrees to sign the standard recognition process agreement and to join with the other contractors recognizing the union in bargaining a master collective agreement for the market.
4. Government Contract Work: For all federal government office and courthouse accounts and for all non-federal public accounts with public entities with whom SEIU has a collective bargaining relationship, Wackenhut agrees to recognize SEIU upon a showing of majority support by means of a card-check and to negotiate a collective bargaining agreement in good faith.
5. Effective Date: This agreement shall be effective immediately upon signing by both parties.

AGREED TO:

For SEIU:



Andrew L. Stern

For Wackenhut:

Dated: 3/9/04

Dated: _____

EXHIBIT

2

Wackenhut is Putting Our Homeland Security at Risk

When it comes to security at a nuclear power plant or weapons facility, there is no margin for error. Yet Wackenhut, the largest supplier of private security guards at U.S. nuclear sites, has been caught...

- Cheating on security drills at the Oak Ridge nuclear weapons plant in Tennessee—U.S. Department of Energy investigators heard testimony of a pattern of cheating during security drills at Oak Ridge.
- Cutting corners on security at Indian Point nuclear plant near New York City—including providing false information to plant management who was conducting a government-ordered investigation into whether employees could freely report safety concerns.
- Ignoring security concerns raised by guards at nuclear facilities and illegally punishing the guards who raised them—concerns raised by guards included lax perimeter security at the Salem Nuclear Power Plant in New Jersey, negligence in taking inventory of plutonium stores, sloppy emergency drills, and elimination of a bomb-detection unit at the Rocky Flats Environmental Technology Site in Colorado, and shoddy employee screening at the Callaway Nuclear Power Plant in Missouri.

Wackenhut Security: NOT Worth the Risk

For more information about Wackenhut's record at U.S. nuclear facilities, visit www.EyeOnWackenhut.com.

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Eye On Wackenhut

Know the Facts about Wackenhut

Home

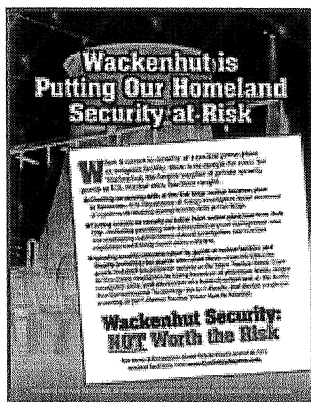
The Wackenhut Corporation, the second largest private security company in the US, claims that it provides “quality services at the highest professional standards.”^[1]

But a systematic analysis of public documents, press reports, and surveys of employees paints a different picture where “high road” rhetoric gives way to a “low-road” reality:

- Instead of “stringent employment requirements,”^[2] research reveals hiring practices in which inappropriate people are placed in sensitive positions.
- Despite Wackenhut’s claims that it provides “extensive training” to its guards, their security officers often receive limited training.
- The company’s working conditions make it difficult for its employees to provide quality service. Many security officers work excessive overtime and Wackenhut has retaliated against - rather than encouraged - employees who point out security lapses.
- These conditions form the background for documented security lapses, which raise questions about Wackenhut’s management and oversight of its operations.

EyeOnWackenhut.com pulls together information that will help you make an informed decision when you choose your security contractor.

Wackenhut at Nuclear Facilities



When it comes to security at a nuclear power plant or weapons facility, there is no margin for error. Yet Wackenhut, the largest supplier of private security guards at U.S. nuclear sites, has been caught...

[Read the full advertisement.](#)

[1] “Wackenhut: A Trusted Security Partner in Challenging Times, An overview of Security, Consulting and Investigation Services.” Promotional compact disc, The Wackenhut Corporation, Palm Beach Gardens, FL.

[2] “Wackenhut Security and Related Services,” The Wackenhut Corporation, Palm Beach Gardens, FL.

EyeOnWackenhut Newsletter
 Read the latest edition: [Wackenhut Security Record at Nuclear Facilities Under Fire](#)

Nuclear Regulatory Commission Responds to EyeOnWackenhut
 Read the NRC replies to our letters raising questions about the quality of Wackenhut services at sensitive nuclear sites.

Breaking News! DOE Calls for Improved Security at Nuclear Facilities
 Secretary Abraham discusses potential of federalizing DOE security forces currently managed by contractors...

Breaking News! DOE Nixes Nuke Lab Security Contract...
 Wackenhut was expected to obtain subcontract worth up to \$100 million over 5 years...

Wackenhut in your neighborhood?
 Do you live near a nuclear power plant guarded by Wackenhut?

In Their Own Words...
 Security officers

**describe working for
Wackenhut at a
nuclear power plant.**

**Security Officer
Survey**
If you're a
Wackenhut security
officer go to SEIU's
ValueSecurity site to
provide data that will
help the national
effort to improve
security officer
working conditions.

This site is hosted by the Service Employees International Union, wholly independent of the Wackenhut Corporation.

EXHIBIT

3

CHICAGO SECURITY CONTRACTORS COVERED BY THE SEIU LOCAL 1 AREA-WIDE CONTRACT

- | | | |
|------------------------------------|------------------------------------|--------------------------------------|
| Argus Security | E.C.S. Systems | McGoy Security Inc. |
| ARM Security | Command Security Corp. | Metro Consultants & Security Inc. |
| A&R Security | Danmark Security Inc. | Nationwide Security Services |
| Armed Security | Davis Security Services | North Suburban Patrol
Securities |
| Allied Security | Digby Detective & Security Agency | Safety Service Systems Security |
| American Security Services | ELA Security Inc. | SDI Security |
| Apollo Detective Agency | Initial Security | Security Management & Investigations |
| Around the Clock Security Services | Johnson Marketing & Management Co. | Skytech Enterprises |
| Argentbright Security | KARD Protection Group | Star Detective & Security Agency |
| Armageddon Services | (DBA Dependable) | Titan Security Services |
| Barton Protective of IL | KARD Protection Group | United Network Bureau |
| BCK Security Services | (DBA Northwest Security) | |

“Every other security officer in this area has affordable health coverage. Only those of us at Wackenhut are left to fend for ourselves—which isn’t easy on our wages. I used to think I was working for a company with high standards, but I guess things change.”



*Wackenhut Security Officer Barbara Moore
Oak Brook, IL*

THE LOW ROAD: HOW WACKENHUT CORP. IS UNDERMINING BUILDING SECURITY IMPROVEMENTS

SEIU Local 1 and Chicago's Private Security Industry are Working Together to Improve Security

Nearly every private security firm in Chicago—but not the Wackenhut Corp.—is working with SEIU Local 1 to improve the quality of private security. As parties to the area-wide collective bargaining agreement covering 9,000 SEIU Local 1 security officers in downtown and the suburbs, nearly all of Chicago's security companies are acting to:

- **STABILIZE** the security workforce by reducing the job turnover rate.
- **PROFESSIONALIZE** private security by providing officers with good pay and benefits.
- **PROVIDE MORE TRAINING** for officers through a new area-wide training initiative sponsored by BOMA/Chicago, SEIU Local 1 and AGPA, the security contractors' association.

WACKENHUT IS TAKING THE LOW ROAD

BY REFUSING TO SIGN THE SEIU LOCAL 1 CONTRACT IN THE SUBURBS, WACKENHUT IS UNDERMINING THE COOPERATIVE EFFORT OF RESPONSIBLE SECURITY FIRMS AND THE UNION BY:

- * **KEEPING JOB TURNOVER HIGH BY KEEPING THEIR EMPLOYEES' PAY DOWN AND HEALTH CARE COSTS UP.**
- * **UNDERCUTTING THE COOPERATIVE EFFORTS TO RAISE PROFESSIONAL SECURITY STANDARDS.**

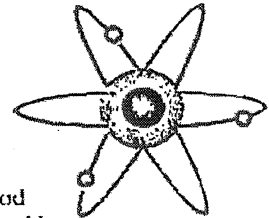


Eye On Wackenhut

1313 L Street, NW, Washington, DC 20005 email info@eyeonwackenhut.org

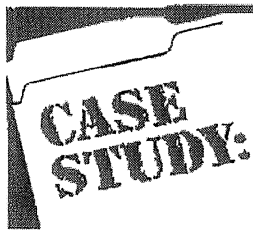
Nuke Site Investigation: Only 1 in 5 Wackenhut Officers Felt Prepared To Defend Plant

If Wackenhut cuts corners on security at a nuclear power plant, what kind of service will the company give you?



How can you measure one private security company against another? One good yardstick is a company's record at sensitive sites like nuclear power plants where you'd expect top performance and model behavior.

Wackenhut provides security at many nuclear power plants around the United States. In this issue of *Eye On Wackenhut*, we look at the company's track record at a nuclear facility located just 35 miles from the nation's most densely populated metropolitan area—New York City.



Indian Point Nuclear Power Station #2

Wackenhut took over security at Indian Point Nuclear Power Station #2 near New York City in 1986. In late 2001, Entergy Nuclear Northeast bought the plant and conducted an investigation of Wackenhut's performance. A little over a year later, Entergy cancelled Wackenhut's contract at Indian Point #2.

Following are the key findings of Entergy's investigation, which included interviews with the plant's 59 Wackenhut security officers:

"Extremely Lax" Training

- Only 19 percent of the security officers believed they could "adequately defend" the plant.
- The physical agility training was "extremely lax" and "not adequate to evaluate the actual physical conditioning of the security force." Some officers felt that as much as 50% of the force "may not be physically able to meet the demands of defending the plant."
- Qualifying exams for carrying weapons had been rigged, in some cases so guards could pass. Officers were allowed to take the exams three times even though procedures only allowed a guard to fail two such tests before being relieved of duty.

A "Chilled Environment"

- Security officers encountered serious problems when they reported issues to Wackenhut:
- 59 percent of officers stated that a "chilled environment" existed among officers, caused by "issues related to Wackenhut site management in areas such as administration, personnel, discipline, and general program management."
- Of Wackenhut officers who raised issues to management, only 42 percent stated that those issues were adequately addressed.
- 12 percent of officers believed that Wackenhut had retaliated against security officers for raising concerns or making suggestions.

continued on back

For more information, please visit www.EyeOnWackenhut.com



Issue #2, October, 2003

The New York Times

December 8, 2002

Report Finds Security Flaws at Indian Point

The Journal News

December 8, 2002

Indian Point Security Faulted

continued from front

Alleged Sexual Harassment

Several complaints of sexual harassment were brought to Wackenhut management's attention, but security officers complained that their substantiated claims "brought little apparent disciplinary action and certainly did not result in termination." When the Energy Investigator sought to review the investigations and discipline records relating to the sexual harassment complaints, Wackenhut said that the materials could not be located.

Presenting False Information to the Feds

During a Nuclear Regulatory Commission investigation into Wackenhut officers' complaints that the security firm had created a chilled environment at the Indian Point #2 plant, Wackenhut presented false information on the officers' views to Indian Point management and the Federal Government.

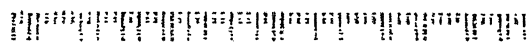
High Security Officer Attrition

In November, 2001, the attrition rate for Wackenhut security officers at Indian Point #2 was nearly 20 percent. At the nearby Indian Point #3 plant, where security was performed by in-house employees, the attrition rate was approximately 1 percent.

To view a complete copy of Entergy Nuclear Northeast's investigation report, please visit the documents room at www.ByeOnWackenhut.com.

1. "Contracts of over \$30 million awarded to Wackenhut for Nuclear Plant Security," *Business Wire*, December 29, 1986.
2. "Entergy to Merge Security Forces; In-house Teamsters Chosen Over Troubled Wackenhut Corp." *The Journal News* (Westchester County, NY), February 1, 2003.
3. "Report of Investigation," Nuclear Energy Northeast, Indian Point #2, Security Services (IP2-431), Keith G. Logan, January 25, 2002.

For more information, please visit www.EyeOnWackenhut.com



Wackenhut's record at nuclear power plants.

Eye On Wackenhut

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Broward County Security Contractor Accused of Race Discrimination and Worker Mistreatment

Wackenhut, the private security firm with a contract worth nearly \$4 million a year¹ to guard Broward County government buildings, is under fire due to allegations from employees of race discrimination and worker mistreatment.

RACE DISCRIMINATION

- * More than a dozen current and former Wackenhut employees have alleged systematic racial discrimination in a federal lawsuit they filed against the company for its behavior at a nuclear weapons plant in Tennessee.²
- * Wackenhut was accused of racial profiling when it was in charge of security for a light rail system in Utah.³

WORKER MISTREATMENT

- * Wackenhut has been accused of illegally threatening, interrogating and firing security officers who tried to form a union, according to several of the 18 federal labor charges currently pending against the company.⁴
- * Wackenhut was charged with violating federal labor laws nearly 200 times by its employees and their unions between 1991 and 2002.⁵

Wackenhut: The wrong choice for Broward County.

CALL

County Commissioners
Mayor Ilene Lieberman, District 1 - (954) 357-7001
Lori Nance Parrish, District 5 - (954) 357-7005
Josephus Eggelton, Jr., District 9 - (954) 357-7009

and tell them to cancel Wackenhut's contract when it comes up this month.

For more information, visit www.EyeonWackenhut.com

1. Broward County Commission, Meeting of July 8, 2003.

2. O'Neal, et al. v. Wackenhut Services et al.

3. "Mass Transit Riders Tell of Bias," *Salt Lake Tribune*, August 16, 2001; "Guard says he was fired for whistle-blowing," *Deseret News*, April 11, 2002; "UTA security

captain suspended after incident," *Deseret News*, March 7, 2002.

4. National Labor Relations Board, Case 5-CA-31927-1

5. AFL-CIO Unifore Database of Unfair Labor Practice Charge Filings with the National Labor Relations Board

Presented by the security officers of SEIU, the Service Employees International Union, working to improve private security in America.



EXHIBIT

4



June 4, 2004

[Name]
[Title]
[Company]
[Street]
[City and Zip code]
[Country]

Dear [Name]:

As you know, you will soon be asked to vote on whether or not Securicor should move forward with its proposed merger with Group 4 Falck. As you consider how you will vote, I would like to draw your attention to recent developments in the US security industry that dramatically increase the potential impact to Securicor shareholders following the merger. (As of 31 December 2003 North American operations represented 28% of Group 4 Falck's revenue, and operations in the Americas – the US, Canada, the Caribbean and Central America - represented 14% of Securicor's turnover [2003 Annual Reports]).

As a significant investor in Securicor's shares you may want to know how the company intends to maintain its commitment to its stated goal of becoming "... a global top three provider of security solutions and expertise through the delivery of world-class outsourcing in cash management, integrated security and justice services." The company states that this objective will be met through "... focusing on customer needs and investing in the recruitment and development of the best people in the industry," and that "consistent delivery of these goals will provide long-term customer relationships, a high quality, committed workforce and increased shareholder value." [2003 Annual Report p.1]

Increased governmental focus in the US, UK and Europe on counterterrorism policies and the resultant importance of the security industry in both public and private sectors has introduced not only unparalleled opportunities for Securicor, but also significantly enhanced oversight by government regulators. The company's stated goals therefore place it in a very sensitive position, and its commitment to recruiting and developing the best people as part of a high quality and committed workforce will be under the microscope.

For you as an investor the way in which the company manages its workforce will therefore become a key driver for adding shareholder value. To this end the Service Employees International Union (SEIU) wishes to share its concerns about an industrial dispute impacting the company that will take on additional significance to Securicor shareholders following the merger.

SEIU does not have a dispute with Securicor, and in fact has just signed an agreement with Securicor's US subsidiary, Cognisa, that is essentially the same agreement that SEIU is asking Group 4 Falck to sign.

ANDREW L. STERN
International President

ANNA BURGER
International Secretary-Treasurer

PATRICIA ANN FORD
Executive Vice President

ELISEO MEDINA
Executive Vice President

TOM WOODRUFF
Executive Vice President

SERVICE EMPLOYEES
INTERNATIONAL UNION
AFL-CIO, CLC

1313 L Street, N.W.
Washington, D.C. 20005

202.898.3200
TDD: 202.898.3481
www.SEIU.org

On 28 May 2004 Group 4 Falck and Securicor announced that the European Commission had announced its decision to approve the merger “on the basis of undertakings provided by Group 4 Falck and Securicor to divest of [businesses] ... representing approximately 3% of both pro-forma combined turnover and pro-forma combined EBITA of Group 4 Securicor.” **In light of these divestments, Group 4 Falck and Securicor now expect the merger to generate cost synergies of £30 million per annum, compared to £35 million per annum as originally announced. The businesses that are to be divested match those raised in unions’ competition concerns submitted to the EU Competition authorities (please see attached press release).**

Background on the US Security Industry and SEIU

Private security in the US is a largely sub-contracted industry, with contracts usually awarded to the lowest bidder. Wages for security officers are as low as \$6 to \$7 per hour, most officers do not have access to affordable health coverage, and training is minimal. Driven by low pay and benefits, security officer turnover rates average 100% to 300% a year. Furthermore, there are few federal laws or regulations strictly governing the industry.

SEIU is the largest union of private security officers, representing 50,000 security and public safety employees at over 40 firms in the US. We have agreements at subsidiaries of both Securicor and Group 4 Falck. Our concerns about the risks inherent in the security sector revolve around a dispute SEIU is having at the Group 4 Falck subsidiary Wackenhut.

Wackenhut’s practices

Wackenhut is the second largest security company in the US, after Securitas. **SEIU is in agreement with Securitas, the largest security union in the US, and with Cognisa, Securicor’s US subsidiary, to raise standards in the security industry.** Unfortunately, Wackenhut has refused to follow suit. In fact, in contrast to the practices of Group 4 Falck in the UK and Europe, Wackenhut’s operations in the U.S. reflect low wages, minimal training, retaliation against workers who point out security problems, and a refusal to work toward higher industry standards. In the security industry, where mistakes can have potentially disastrous consequences, such practices are not, in SEIU’s opinion, in shareholders’ best interests.

Negative attention to Wackenhut brings with it added impact for Securicor investors (please see attachment 1). In light of the public debate over privatization of government work, the negative attention arising from a labour dispute, and growing concerns about Wackenhut’s record raised by US lawmakers and state officials, hardly improve Wackenhut’s chances of retaining contracts.

I am writing to alert you to these concerns and their potential impact on Securicor’s wealth generating potential as a result of the Group 4 Falck merger.

Important Questions for Securicor Investors:

Before approving the merger, you may wish to ask Securicor to comment on the following questions:

1. What is Group 4 Falck doing to address the recent problems of its US subsidiary Wackenhut? Has the negative publicity regarding poor labour relations, poor security and employment practices, and potential loss of contracts, been factored in to the consideration that Securicor investors will receive during the merger?
2. According to the 24 February 2004 Group 4 Falck/Securicor merger announcement,

“The Merger Agreement provides for termination ... by either company if an event, circumstance or liability occurs or arises in relation to the other company, the effect

of which would be to materially prejudice the shareholders of the first company if the Merger were to become effective.”

Does the newly announced possibility that the US Department of Energy (DOE) might federalize security functions currently provided by Wackenhut; negative publicity regarding poor labour relations, poor security and employment practices, and potential loss of contracts; growing concern among US lawmakers about Wackenhut’s security record at nuclear facilities; or the recent announcement that Group 4 Falck and Securicor now expect the merger to generate cost synergies of £30 million per annum, compared to £35 million per annum as originally announced, constitute such an “event, circumstance or liability”?

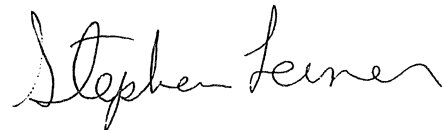
3. Is it wise for Group 4 Falck management to continue to avoid signing the same agreement with SEIU that the vast majority of competitors, **including Securicor’s US subsidiary Cognisa**, have signed, in circumstances in which there is limited impact to the company’s bottom line? The consequences of an agreement between SEIU and Group 4 Falck would only serve to enhance the value of the company with limited effect on its bottom line.
4. Is Wackenhut attempting to position itself as the low-cost alternative in the US market? If so, what are the added risks to Securicor investors of merging with a company with this business strategy? If not, why hasn’t Wackenhut made the same agreement with its workers that its competitors have already made?

In the light of the company’s answers to these questions, may I ask you to consider supporting SEIU’s proposal for Wackenhut to sign a recognition agreement and reduce the risk that an unnecessary and prolonged dispute would continue after the merger?

After you have considered these arguments we would be happy to discuss the issues raised in this letter. Please feel free to contact Jim Blau at 202-898-3294 with any questions you might have.

Thank you for your attention.

Yours sincerely,



Stephen Lerner
Director, Building Services Division

attachments

copies to:

Lars Nørby Johansen, President and CEO, Group 4 Falck A/S

Jørgen Philip-Sørensen, Chairman of the Board, Group 4 Falck A/S

Attachment 1

Additional Risks Facing Group 4 Falck's US Subsidiary, Wackenhut

Nuclear Security / Sensitive US Government Contracts

(Please see also the attached excerpts from newspaper articles and letters)

As of 2002 (the latest figures that are publicly available) Wackenhut's nuclear security and sensitive government contracts represented 40% of the company's revenue, for an estimated value of more than \$400 million. Wackenhut is the single largest supplier of private security guards to nuclear facilities in the US.

Security Lapses

Wackenhut has overseen security lapses, presided over training cutbacks, or tolerated lax security measures at multiple nuclear power plants and Department of Energy (DOE) nuclear weapons facilities throughout the US. The incidents are detailed in a report produced by the Service Employees International Union (SEIU) and released on 8 April 2004, titled *Homeland Insecurity: How the Wackenhut Corporation is Compromising America's Nuclear Security* (for more information please visit <http://www.EyeOnWackenhut.com>).

Just weeks after the *Homeland Insecurity* report was released, Wackenhut faced fresh criticism when the Florida Power and Light Company removed six security guards and a supervisor from duty at the St. Lucie Nuclear Power Plant in South Florida after a plant audit found the guards took shortcuts during their patrols.

Possible Federalization at DOE Facilities

On 7 May 2004 the U.S. DOE announced a major new initiative to improve security at its sensitive facilities, including those that house nuclear material. According to an official DOE news release, the initiative would expand the capabilities of DOE security personnel, including possibly federalizing some security units currently managed by contractors.

According to the Wackenhut's 2002 10-k filing with the SEC:

Contracts with the United States DOE accounted for approximately 8% of the Company's consolidated revenues in both Fiscal 2001 and Fiscal 2000....The loss of, or a significant decrease in, the Company's business with the DOE ... could have a material adverse effect on the Company's results of operations.

After receiving details of the *Homeland Insecurity* report, a US Senator and a US Congressman separately raised concerns about Wackenhut's record with the Secretary of the US DOE.

Lost DOE Contract

In February 2004 the US DOE announced it had awarded a no-bid contract worth \$40 million a year to provide security and other services at the Idaho National Engineering and Environmental Laboratory (INEEL) to Alutiiq, LLC, an Alaskan corporation with no prior nuclear security

experience. Alutiiq was expected to sub-contract the security work to the Wackenhut Corporation, the nation's largest supplier of private guards to U.S. nuclear facilities. **Wackenhut would have earned as much as \$19.6 million a year under the arrangement.**

However, the U.S. DOE later changed course and announced that it would not contract out security services at INEEL.

Concerns Raised by US Lawmakers and State Attorney General

Concerns are mounting among lawmakers and government officials concerning Wackenhut's record at US nuclear facilities. **The State Attorney General from Wisconsin has written to the owners of nuclear power plants raising concerns about Wackenhut's security record. In addition, in April there were calls for hearings in two different Congressional committees on Wackenhut's security record at nuclear sites, and Wackenhut officials were called to a closed-door hearing of the House Energy Subcommittee on Oversight in March about problems at the Oak Ridge site. In fact, at least a dozen Members of Congress in both the House and the Senate have now publicly raised concerns about Wackenhut's record at nuclear power plants and sensitive US government sites. In a May 12, 2004 letter to the International Monetary Fund (see below), twelve US Representatives noted the following:**

You should be aware that members of both houses of the U.S. Congress are also moving to investigate Wackenhut and Group 4 Falck's provision of security services to the U.S. government. While serious questions have arisen regarding the adequacy of Wackenhut's protection of nuclear power plant, nuclear weapons, and other U.S. government facilities, we must also turn our attention to the company's labor practices. [emphasis added]

Poor Employment Practices

The International Monetary Fund (IMF) recently replaced Wackenhut with another security contractor at its office in DC. **The security contract for this building was worth an estimated \$4.4 million per year.**

In April 2004, SEIU filed claims on behalf of Wackenhut workers to be investigated by the National Labor Relations Board, who will determine whether to issue a complaint. Since then, US Representatives George Miller and Robert Andrews wrote to the Anne Krueger, Acting Managing Director of the IMF, expressing "very serious concerns about allegations of labor rights violations at the International Monetary Fund." In addition, twelve US Representatives (including Representatives Miller and Andrews) sent a follow-up letter to the IMF stating:

The company continues to refuse to bargain with the workers' democratically chosen union, SEIU... Unlawful union busting activities have apparently continued unabated... When the IMF tolerates labor abuses at its own headquarters by such a worldwide company, it sends the wrong message around the world. ... The IMF, on full notice of the allegations against this company, should take direct responsibility for any continued misconduct. The IMF should not contract with any company that disregards or runs roughshod over the basic rights of its workers.

In addition, John Sweeney, president of the AFL-CIO, recently wrote to Ms. Krueger calling on the IMF to “require that Wackenhut agree to a card-check agreement with SEIU, or to choose a security company that has made an agreement with SEIU.”

Concerns about Wackenhut’s poor employment practices have been raised with other potential customers as well. In late 2003 the Blue Cross/Blue Shield Association (“BC/BS”), America's largest association of health insurance companies, terminated discussions with Group 4 Falck/Wackenhut over a lucrative national contract estimated by industry insiders to be worth close to \$40 million a year. Earlier, the BC/BS had been notified of Wackenhut's anti-worker practices and low standards.