Collateral Conflict: Employer Claims of RICO Extortion Against Union Comprehensive Campaigns

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Over the past twenty-five years, unions have turned increasingly to strategies outside the traditional framework of the National Labor Relations Act (NLRA). ¹ Frustrated by an ineffective NLRA legal regime² and the demise of the economic strike,³ organized labor has pursued coordinated approaches in order to generate extended economic pressure on private employers who seek to avoid recognizing unions or to resist bargaining collective agreements. Coordinated campaign tactics include publicity efforts aimed at attracting media attention and consumer interest; regulatory reviews initiated to focus on a company’s possible health, safety, environmental, or zoning violations; and investigations of a company’s financial status through use of pension funds or other shareholder resources.⁴ Unions relying on these comprehensive campaign or corporate campaign strategies⁵ have enjoyed some success which in turn has

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⁴ See generally, CHARLES R. PERRY, UNION CORPORATE CAMPAIGNS (Univ. of Pa. 1987); Kate Bronfenbrenner & Tom Juravich, It Takes More Than House Calls: Organizing to Win With A Comprehensive Union-Building Strategy, in ORGANIZING TO WIN: NEW RESEARCH ON UNION STRATEGIES (Kate Bronfenbrenner et al., eds. 1998); David Moberg, Labor’s Capital Strategies in Not Your Father’s Union Movement: Inside the AFL-CIO 201-212 (Jo-Ann Mort ed. 1998); Herbert R. Northrup & Charles H. Steen, Union “Corporate Campaigns” as Blackmail: The RICO Battle at Bayou Steel, 22 HARV. J.L. & PUB. POL’y 771, 784, 794-96 (1999); Indus. Union Dep’t, AFL-CIO, Developing New Tactics: Winning With Coordinated Corporate Campaigns 4-10 (1985).
⁵ Some scholars have suggested distinctions between corporate campaigns, focused primarily on investors and boards of directors, and comprehensive campaigns that appeal as well to community groups and the public. See Estlund, supra note 2, at 1605; Kate Bronfenbrenner & Tom Juravich, The Evolution of Strategic and Coordinated
contributed to a modest rise in private sector union density, the first such increase for decades.\(^6\)

Management responses to comprehensive campaigns often involve filing lawsuits against unions and workers. Employer civil actions may invoke state defamation law, federal labor law prohibiting secondary boycotts, or federal antitrust law.\(^7\) But the most high profile and dramatic form of employer retaliation in court is lawsuits alleging a pattern of unlawfully extorti

RICO actions pose an especially potent threat to the new form of union campaigns. There is the risk of treble damages and attorney’s fees that accompanies a finding of liability. Given the Supreme Court’s track record of construing RICO expansively in commercial disputes between business parties, this risk is not trivial.\(^9\) In addition, the very existence of a RICO claim can have an adverse impact on a union’s reputation, in light of RICO’s established association with images of organized crime, corruption, and violence. Employers began using RICO against unions during labor-management disputes in the late 1980s, and litigation has continued as comprehensive campaigns have attracted greater attention.\(^10\) For union campaigns lacking any substantial element of violence, RICO lawsuits have a mixed record in strictly legal terms.\(^11\) However, the RICO strategy has been effective in pressuring unions to reduce or abandon comprehensive campaign activities—due to the risks identified above, the substantial costs and delays accompanying complex civil litigation, and the shift in focus from employees’ workplace

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\(^6\) See Part I.A. infra (describing increase in union membership during 2007 and 2008).


\(^9\) See Part I.C. infra (discussing Supreme Court decisions in 1980s).

\(^10\) See Part I.D. infra (discussing lower court litigation from late 1980s to present).

\(^11\) See Part I.D. infra (discussing outcomes in terms of surviving motions to dismiss).
concerns to court-centered legal disputes.\textsuperscript{12}

Applicability of RICO to ordinary labor-management disputes raises interpretive questions regarding a major federal statute that has been heavily criticized but lightly amended. When RICO was drafted and enacted, Congress did not anticipate its widespread injection into routine business controversies or traditional labor-management relations.\textsuperscript{13} With respect to RICO litigation between businesses, however, the Supreme Court decided early on that the expansive language of the law, rather than the narrower intent of Congress, is what controls.\textsuperscript{14} The Court also has made clear that even if employers sue unions in retaliation for legitimate union activity, a retaliatory motive does not necessarily make such litigation unlawful under the NLRA.\textsuperscript{15}

Starting in the mid 1980s, members of Congress complained vociferously about the sweeping application of RICO to private parties in ordinary commercial disputes far removed from organized crime.\textsuperscript{16} And Supreme Court Justices have invited—even urged—Congress to revise the statutory language.\textsuperscript{17} Although Congress did enact a limited amendment addressing securities fraud as a small part of a securities reform package in 1995,\textsuperscript{18} the key RICO text remains essentially unchanged from 1970 and RICO reform is unlikely to occur in the near future. On the other hand, the Supreme Court in a series of more recent cases has adopted interpretations of civil RICO that are distinctly constraining when compared with the Court’s first generation of decisions.

\textsuperscript{12} See generally, Adam Liptak, Sidebar, A Corporate View of Mafia Tactics: Protesting, Lobbying, and Citing Upton Sinclair, N.Y. TIMES, Feb. 5, 2008 at A14; More, supra at 221-22.
\textsuperscript{13} See Part I.B. infra (discussing RICO legislative origins).
\textsuperscript{16} See Part II.A. infra (discussing legislative history accompanying efforts at RICO reform from 1986 to 1998).
\textsuperscript{17} See Part II.A. infra (discussing invitations in Supreme Court opinions and speech by then Chief Justice William Rehnquist).
\textsuperscript{18} See Part II.A. infra (discussing text and legislative history of 1995 securities reform legislation).
There is a lively current debate concerning possible revisions to the NLRA, but a “RICO fix” for labor-management disputes will not be part of any labor law reform package to emerge from Congress.\(^\text{19}\) Thus, if RICO’s application to union comprehensive campaigns is to be clarified, appellate courts and ultimately the Supreme Court will have to undertake that task in the face of prolonged legislative inaction. This Article suggests how federal courts should engage in such a clarification, building from key “second generation” Supreme Court RICO decisions in which the Justices have narrowed the scope of private civil liability.

The Article focuses on employer complaints alleging that a series of nonviolent pressure tactics used in union comprehensive campaigns may constitute extortion, one of the core predicate offenses actionable under civil RICO. In determining the applicability of extortion as a predicate offense, civil RICO implicates questions of meaning and scope under a separate but incorporated criminal statute, the Hobbs Act. The relevant statutory definition of extortion, taken from the Hobbs Act, is “the obtaining of property from another, with his consent, induced by wrongful use of actual or threatened force, violence, or fear, or under color of official right.”\(^\text{20}\) Employers and their advocates contend that when unions bring multiple regulatory actions before agencies and courts, and communicate disparaging information about the company to customers, shareholders, and the public—all designed to injure an employer’s business reputation and goodwill while making clear the union’s willingness to negotiate on these matters in the context of the employer’s agreement to certain labor relations requests—the pattern of harassing conduct

\(^{19}\) See S. 560 and H.R. 1409, 111\(^{\text{th}}\) Cong. (2009) (pending versions of Employee Free Choice Act, which do not address RICO in any form).

qualifies as extortion under RICO.  

The argument supporting extortion raises a number of distinct and contested legal questions. First, how if at all does a union “obtain property” from an employer when engaged in this type of comprehensive campaign? Second, assuming property is obtained from the employer, induced by a fear of economic loss, in what circumstances is that inducement “wrongful”? Third, apart from whether the union’s goals or objectives are wrongful, to what extent are certain means employed by the union presumptively protected from federal liability under the First Amendment? Finally, under what circumstances might the union’s overall campaign be deemed actionable as a form of “death by a thousand cuts” even if the individual incidents or activities are generally lawful?

The Article proposes answers to each of these questions, relying principally on two recent Supreme Court decisions construing RICO, as well as an earlier decision interpreting the Hobbs Act and an extended line of Court cases reconciling federal regulation with expressive activity. The Article maintains that the key employer rights at stake in a union comprehensive campaign—the rights to control procedural and substantive approaches to union recognition or collective bargaining—may qualify as intangible property rights, but they are not “obtainable property” as that concept has been applied under RICO and the Hobbs Act. An employer’s exclusive control over the recognition or bargaining processes is not a commercially valuable business asset that can be transferred to a union to exercise or sell. The Article then contends that a union’s use of fear of economic loss as an inducement is not “wrongful” so long as the union is pursuing legitimate labor objectives. Whether a union’s economic objectives are legitimate is largely a function of federal labor law, and the union’s typical objectives in a

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21 See e.g., Northrup & Steen, supra note 4, at 803-11, 817-28; Memorandum in Opposition to Defendants’ Motion to Dismiss in Smithfield Foods Inc. v. United Food & Commercial Workers Union at 5-15, 593 F.Supp. 2d 840 (E.D. Va. 2008) (No. 3: 07CV641).
comprehensive campaign setting—a collective bargaining agreement for a majority status union, a neutrality agreement, or an agreement for voluntary recognition based on card majority status—are entirely lawful under the NLRA.

Moving beyond these two definitional questions, the Article also argues that construing RICO to penalize the main techniques employed by unions in these campaigns—dissemination of negative information and petitioning courts or regulatory agencies—would raise serious concerns under the First Amendment. Neither the right to free speech nor the right to petition government is unqualified—union speech loses protection if it is knowingly or recklessly false while union lawsuits or regulatory complaints lack protection if they amount to sham litigation. Outside those narrowly drawn exceptions, however, union expressive activities ought to be immune from liability for extortion under RICO. Finally, the Article suggests that assuming a union’s comprehensive campaign includes a few instances of unlawful activity, those actions should not transform a campaign based predominantly on lawful conduct into actionable extortion. To hold otherwise would frustrate the federal policy commitment protecting employees’ “full freedom” to organize and engage in hard bargaining with employers under the NLRA.22

Part I of the Article establishes relevant background. It describes the rise of union comprehensive campaigns, provides an overview of RICO’s legislative origins, and discusses how initial Supreme Court readings of RICO helped trigger extensive private litigation under the Act—including a steady stream of RICO civil actions by employers against unions. Part II situates RICO’s applicability to labor unions in the context of prolonged congressional inaction. It discusses failed efforts at RICO reform during the 1980s and 1990s, describes how the Supreme Court in a second generation of civil RICO decisions shifted from an expansive to a

constraining approach, and suggests the Court has undertaken aspects of the “reform” effort that Congress was unable to accomplish. Part III of the Article analyzes the four central legal questions implicated in the contention that union comprehensive campaigns constitute extortionate conduct under RICO. As part of that analysis, Part III explains why union comprehensive campaigns qualify as lawful “hard bargaining” and why the federal courts should take the initiative to clarify the law and thereby reduce the chilling effect of RICO actions.

I. BACKGROUND ON COMPREHENSIVE CAMPAIGNS AND RICO

A. The Rise of Union Comprehensive Campaigns

1. Objectives and Tactics

The term “corporate campaign” was first applied in the late 1970s when the textile workers’ union relied on a range of financial linkages and secondary pressures to help secure labor agreements with J.P. Stevens.\(^{23}\) Subsequently, a number of unions have come to prefer the term “comprehensive campaign.”\(^{24}\) These campaigns may be broadly defined as union attempts to influence company practices that affect key union goals—securing recognition and bargaining for improved working conditions—by generating various forms of extrinsic pressure on the company’s top policymakers.\(^{25}\) Tactics regularly relied on by unions include engaging in public relations activities (such as literature distributions, media interviews, website postings, street demonstrations, or op-ed columns); advocating for government regulatory action (through legislative initiatives, appeals to regulatory agencies, or lawsuits); and targeting a firm’s financial

\(^{23}\) See Perry, supra note 4, at 1-2; Paul Jarley & Cheryl L. Maranto, Union Corporate Campaigns: An Assessment, 43 IND. & LAB. REL. REV. 505, 506 (1990).

\(^{24}\) See id. at 507 n.2. See also Bronfenbrenner & Juravich, supra note 5, at 218, 229, 234 (discussing evolution from 1980s corporate campaigns focused on pressuring boards of directors to more comprehensive coordinated approaches in the 1990s).

\(^{25}\) See Thomas Kochan et al., The Transformation of American Industrial Relations 195-97 (1986); Bronfenbrenner & Juravich, supra note 5, at 217-35.
standing (by pressuring lenders and creditors, threatening to withdraw pension fund assets, or bringing shareholder actions).²⁶

A 1990 empirical assessment by Professors Paul Jarley and Cheryl Maranto examined twenty-eight labor relations disputes between 1976 and 1988 in which unions publicly announced they were conducting corporate campaigns,²⁷ Jarley and Maranto emphasized the central role played by conflict escalation in these campaigns: unions typically assert that the company is unfair to organized labor in general, that the company’s overall business conduct renders it a corporate outlaw, and that the company profits from human exploitation and misery when operating its business.²⁸ By enlarging the scope of a labor dispute to encompass issues of broader social importance and public interest, unions are better able to legitimize their own effort and to attract wider community support.²⁹

Jarley and Maranto found that corporate campaigns complementing organizing drives were more likely to achieve successful results than bargaining-related campaigns.³⁰ One important reason for the difference is that organizing disputes are more amenable to conflict escalation because they tend to involve low-wage employees operating under unsafe working conditions. By contrast, the possibility of invoking broader social justice concerns is often diminished in a mature bargaining context, where financially troubled employers seek adjustments from workers who in relative terms are viewed as highly paid.³¹ A second reason for the greater success associated with organizing-related campaigns is the more limited nature

²⁶ See Indus. Union Dept., supra note 5, at 4-10.
²⁷ See Jarley & Maranto, supra note 23, at 505-06.
²⁸ See id., at 515. See also Perry, supra note 4, at 20-31 (elaborating on these three aspects of conflict escalation as part of a study of ten corporate campaigns during late 1970s and early 1980s).
²⁹ See Jarley & Maranto, supra at 515.
³¹ See id. at 515 (comparing conflict escalation in companies employing unorganized textile workers, farmers, and nursing home workers, with less successful results at companies employing already organized airline pilots and factory workers in the paper and meat processing industries).
of the union’s objectives. In the organizing setting, union campaigns typically seek neutrality agreements or comparable procedural settlements that increase the likelihood of unionization but do not guarantee union success. Thus, the company receives a definite benefit (an end to being the target of consumer, stakeholder, regulatory, and public pressures) in exchange for largely contingent costs. Again by contrast, union campaigns aimed at securing initial or renewed collective bargaining agreements require companies to make concrete economic concessions in order to have the campaign terminate.\textsuperscript{32}

Since 1990, unions have expanded their use of comprehensive campaigns, especially in connection with efforts to organize new groups of workers. The increased emphasis reflects in part the labor movement’s commitment of substantial additional resources to organizing activities starting in 1995.\textsuperscript{33} It also reflects organized labor’s recognition that a coordinated approach, relying on linkages to the political, regulatory, financial, and public relations arenas, is necessary to respond to the complex, interlocking corporate environment characteristic of the modern American workplace.\textsuperscript{34}

A recent study by Professors Adrienne Eaton and Jill Kriesky examined what motivates employers to negotiate organizing agreements containing neutrality and/or card check

\textsuperscript{32} See id. at 518-19.

\textsuperscript{33} See, e.g., Michelle Amber, Special Report: AFL-CIO Convenes Organizing Summit to Find New Ways to Expand Membership, Daily Lab. Rep. (BNA) at C-1, C-2 (Jan. 14, 2003) (describing substantial commitment of funds to organizing made by various individual unions); Elizabeth Walpole-Hofmeister et al., Special Report: Unions Boost Funds, Develop Strategies for Organizing More Workers, Daily Lab. Rep. (BNA) at C-1, C-3 (Aug. 18, 1999) (describing AFL-CIO’s goal of having its affiliated unions expend 30% of their budgets on organizing, and reporting that some unions already are exceeding that goal); Michelle Amber, AFL-CIO Leaders Warn Corporations That They are Ready for a Fight, Daily Lab. Rep. (BNA) at AA-2 (Oct. 27, 1995) (describing new AFL-CIO president’s proposal to create separate organizing department that includes office of strategic planning).

provisions. The authors found that most employers they surveyed emphasized the avoidance of costs associated with not reaching an agreement. Costs identified by these employers include the fear of economically damaging demonstrations at firms open to the public, as well as pressure from third parties (notably clients, municipalities, union pension funds, and religious or community groups) to withhold financial investment or customer business. There is ample evidence beyond Eaton and Kriesky’s database that employers are motivated to opt for neutrality agreements and also renewed collective bargaining arrangements through techniques that are part of a union comprehensive campaign. Tactics associated with union success include handbilling and picketing aimed at deterring customers; demonstrations or interventions resulting from union partnerships with religious or community groups; investigating or publicizing a company’s regulatory violations, and appeals to stockholders, board members, and institutional lenders.

35 See Adrienne E. Eaton & Jill Kriesky, Dancing With the Smoke Monster: Employer Motivations for Negotiating Neutrality and Card Check Agreements in JUSTICE ON THE JOB: PERSPECTIVES ON THE EROSION OF COLLECTIVE BARGAINING IN THE UNITED STATES 139 (Richard Block et al. eds. 2006).
36 See id. at 144.
37 See id. at 147.
39 See, e.g., Michelle Amber, Special Report: SEIU Sees Record Growth; 64,000 New Members Organized in 1998, Lab. Rel. Week (BNA) at 1419, 1421 (Dec. 23, 1999) (describing SEIU alliance with a Catholic cardinal to intervene in organizing campaign at Catholic hospital in California); Jon Newberry, Two Unions to Charge Discrimination at Cintas, CINCINNATI POST, Nov. 18, 2003, at B8 (reporting on joint press conference involving UNITE, Teamsters, and several national civil rights groups, held in midst of unions’ organizing campaigns, and aimed at highlighting employer’s discriminatory practices against women and minorities); Estlund, supra note 2, at 1606 (describing coordinated nationwide protest at 25 Tiffany stores on behalf of mostly immigrant workers at small jewelry company that supplied Tiffany; workers had signed cards and requested union recognition).
40 See Bronfenbrenner & Juravich, supra note 5, at 219-22, 224-25 (discussing Steelworkers’ use of OSHA citations, NLRB charges, and SEC actions against an aluminum company and a steel company); Ruth Milkman & Kent Wong, Organizing Immigrant Workers: Case Studies from Southern California in REKINDLING THE MOVEMENT, supra note 5, at 99, 109 (discussing SEIU’s use of complaints filed with NLRB and other government agencies protesting safety and health violations, as part of Justice for Janitors campaign).
41 See Moberg, supra note 4, at 203-04 (describing protests and demands by activist investors at shareholder meetings in 1998 involving Whole Foods, Crown Petroleum, ARCO, and Columbia/HCA hospitals); Rachel
The proliferation of comprehensive campaigns does not mean that these new strategic approaches enjoy anything like universal success. Unions have failed to achieve observable results in numerous campaigns involving organizing goals and bargaining-related objectives. Even when a union succeeds in securing recognition or negotiating a collective bargaining agreement, it is not always clear that the comprehensive campaign played an influential role in the result.

Nonetheless, comprehensive campaigns operating beyond the traditional labor law structure have become a central element in unions’ strategic approach to both organizing and collective bargaining. The Service Employees Union’s Justice for Janitors campaign in large cities around the country, the Communication Workers’ efforts to organize a divested and deregulated telecommunications industry, the Hotel and Restaurant Workers’ successes in Las Vegas, and the Steelworkers’ campaign to restore union jobs at Ravenswood Aluminum are among the high-profile illustrations of how organized labor has sought to adapt its approach in


43 See, e.g., Jarley & Maranto, supra, at 512 (discussing union failures involving lost recognition at Louisiana Pacific, Continental Airlines, Phelps Dodge, and International Paper, and inferior contract settlement at Hormel); Bronfenbrenner & Juravich, supra note 5, at 223-26 (discussing mixed results in bargaining for renewed contract at Bayou Steel).


46 See Katz et. al., supra note 34.


light of changes in management behavior, corporate structures, and global economic circumstances.

Comprehensive campaigns have contributed to the first increases in union density among private sector employers in almost three decades. The proportion of private sector workers who belong to a union rose from 7.4% to 7.5% in 2007, and to 7.6% in 2008.\textsuperscript{49} In the economy as a whole, union membership grew by 311,000 in 2007 and by 428,000 in 2008.\textsuperscript{50} Apart from reversing a long-term trend, the modest net increases are noteworthy because they occurred despite a substantial loss in traditionally unionized manufacturing jobs,\textsuperscript{51} and also despite substantial withdrawal by unions from the traditional NLRB-supervised elections process.\textsuperscript{52} In sum, unions have turned to comprehensive campaigns as a primary organizing strategy in the twenty-first century.

2. An Archetypal Comprehensive Campaign

Unions’ traditional organizing approach features direct appeals to workers in the representation election setting, principally through leaflets, individual and group meetings away from the worksite, and home mailings. Their traditional approach to securing a collective bargaining agreement includes direct pressure on employers as needed during the negotiations process, through employee strikes or primary picketing. By contrast, union comprehensive campaigns engage different secondary groups—shareholders, lenders, religious and social

\begin{footnotes}
\item[49] See Michael Rose, Unions Added 428,000 Members in 2008 As Membership Rate Climbed to 12.4 Percent, Daily Lab. Rep. (BNA), at AA 1-3 (Jan. 29, 2009); Michelle Amber, BLS Reports 12.1 Percent Unionization Rate in 2007; Unions Added 331,000 Members, Daily Lab. Rep. (BNA) at AA 1-3 (Jan. 28, 2008).
\item[50] Private sector growth was especially strong in health services, leisure and hospitality, and construction; the highest overall unionization in the private sector is in telecommunications, transportation and warehousing, and utilities. See Rose, supra note 49, at AA2; Amber supra note 49, at AA2.
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organizations, customers, politicians, regulators, mass media, the public at large—who have varied and context-specific interactions with the employer that is the focus of union pressure. Although it is difficult to identify any particular comprehensive campaign as “typical,” the Article posits for purposes of subsequent analysis that the union coordinating the campaign takes a series of initiatives.

The union is assumed to form alliances or coalitions with religious groups and activist organizations interested in pursuing social justice or human rights objectives. The union—on its own or with its allies—seeks to exert regulatory pressure on the target company, by advocating for or initiating agency action addressed to actual or reasonably believed company violations of federal occupational safety, environmental, or securities laws, and of state or local zoning laws. The union also attempts to impose political pressure on the company by urging federal or state legislators to launch an investigation or hold hearings on a worker safety or public health problem that the union reasonably believes has been created or magnified by the company.

In addition, the union distributes information to various subgroups of the public that is critical of the company’s business practices. The union reasonably believes the negative information is accurate; it disseminates the information by means of flyers and handbills to potential consumers, letters and faxes to local newspapers and radio and television stations, public demonstrations likely to attract media attention, and web postings available to employees, shareholders, customers, and the general public. Finally, the union attempts to exert financial

53 See generally Perry, supra note 4, at 31-38; Lance Compa, Free Trade, Fair Trade, and the Battle for Labor Rights, in Rekindling The Movement supra note 5, at 314, 325-26.
54 See generally Perry, supra note 4, at 39-48; Charles Heckscher, Living With Flexibility in Rekindling The Movement supra note 5, at 59, 70-71; Juravich & Bronfenbrenner, supra note 48, at 87-90.
55 See generally Perry, supra note 4, at 49-53.
56 See generally Perry, supra note 4, at 79-89; Milkman & Wong, supra note 40, at 109-10.
pressure on the company through formal or informal appeals to corporate directors, submission of policy resolutions at shareholder meetings, and proposals to move union assets out of banks that lend money to the target company.  

For all of these activities, the union signals that the campaign need not continue if the company acquiesces to the union’s labor relations objectives—to enter a neutrality agreement setting ground rules for an organizing drive, to recognize the union once it has obtained a card majority, or to return to the table to bargain an extension or modification of existing collective bargaining arrangements. The leverage for being able to reach such an agreement is the company’s fear that it will suffer severe economic losses as a result of some combination of the union’s campaign activities. In this respect, the union campaign creates pressure on the employer analogous to that of an economic strike.

The analogy to an economic strike also extends to the role played by violence. As with a strike, comprehensive campaigns, especially those involving large rallies or public demonstrations, may give rise to violent conduct by some participants. As with a strike, the acts of violence may themselves be independently actionable. But also as with a strike, relatively minor acts of violence incidental to the ongoing union campaign may not give rise to liability.

B. *The Origins of RICO and its Provision for Private Civil Liability*

1. *A Purposive Focus on Organized Crime and A More Far-Reaching Text*

RICO was enacted as title IX of the Organized Crime Control Act of 1970, culminating a three year legislative process that began with the 1967 report of the President’s Commission on

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57 See generally *Perry, supra* note 4, at 55-65, 91-102; *Moberg, supra* note 4, at 203-04.
59 Compare *Detroit Newspaper Agency*, 342 NLRB 223, 224 (2004); *MP Industries Inc.*, 227 NLRB 1709, 1710 (1977). See also Part III B.2 *infra*, discussing impact of incidental or isolated unlawful acts on legitimacy of overall union comprehensive campaign.
Law Enforcement and Administration of Justice.60 Throughout this process, Congress’s primary concern was the problem of criminal infiltration of legitimate enterprises—especially commercial businesses but also labor unions.61 Senators Hruska and McClellan, who jointly introduced the Senate bill that contained the framework and essential elements of RICO, made clear that the bill was “designed to attack the infiltration of legitimate business repeatedly outlined by investigations of various congressional committees” as well as by the President’s Commission.62 Representative Poff, a principal sponsor of RICO legislation in the House, was equally clear about the need to attack organized crime’s penetration of lawful commercial entities.63 The Senate and House committee reports accompanying the bills that ultimately become the Organized Crime Control Act reiterate that RICO’s purpose was “the elimination of the infiltration of organized crime and racketeering into legitimate organizations operating in interstate commerce.”64 And the statement of findings and purpose included as part of the enacted text confirms that Congress’s focus was on combating organized crime and its increasing use of “money and power…to infiltrate and corrupt legitimate businesses and labor unions.”65

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61 See Lynch, supra at 667-75 (discussing Presidential Commission’s role in publicizing issue of organized criminal infiltration into legitimate business, and precursor bills introduced by Senator Hruska in 1967 to address the issue): ABA Report at 72-83 (same).
65 84 Stat. 922-23 (1970). See also id. at 923 (identifying Act’s purpose “to seek the eradication of organized crime in the United States by strengthening the legal tools in the evidence-gathering process, by establishing new penal prohibitions, and by providing enhanced sanctions and new remedies to deal with the unlawful activities of those engaged in organized crime”).
In terms of the text enacted into law, however, Congress did not limit applicability to organized crime. Whether due to conceptual challenges, constitutional concerns, or both, RICO’s provisions target a range of racketeering activities in which the Mafia or other organized criminal syndicates might engage, rather than attempting to define what entities or individuals qualify as “organized crime.” The Act criminalizes three main forms of activity: acquiring an interest in a legitimate enterprise through income derived from a pattern of racketeering activity; acquiring an interest in or control of a legitimate enterprise directly by means of a pattern of racketeering activity; and conducting or participating in the operation of a legitimate enterprise through a pattern of racketeering activity. Importantly, the last of these three prohibitions—18 U.S.C. section 1962(c)—goes beyond ordinary notions of infiltration and control: it authorizes criminal prosecution when the enterprise has been used to engage in racketeering, regardless of whether the racketeering entity has acquired or dominated the enterprise.

The Act’s definitions section contributes further to the broad scope of coverage. The definition of an “enterprise” includes not only ordinary businesses but also labor organizations and other legal entities as well as any “group of individuals associated in fact.” The definition of “racketeering activity” identifies nine typical state offenses such as murder, arson, robbery, and extortion, and more than seventy federal offenses separately indictable under various sections of the U.S. Code—including, importantly, sections addressed to mail fraud, Hobbs Act

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66 See Lynch, supra at 683 (discussing tensions between viewing organized crime narrowly as a “monolithic Italian-American conspiracy” or more broadly as a separable series of structural criminal organizations); 116 Cong. Rec. 35343-46 (1970) (reporting on proposed amendment to define the Mafia and La Cosa Nostra as “organized crime” groups; amendment opposed on constitutional grounds and defeated).


68 See Lynch, supra note 60, at 681, 683. Put differently, the enterprise is a victim in the first two forms of racketeering activity (18 U.S.C. § 1962(a) and (b)), while the enterprise is in effect the perpetrator under § 1962(c), as its affairs are conducted through a pattern of racketeering activity. I am grateful to my colleague, Alan Michaels, for this insight.

extortion, and money laundering. A “pattern of racketeering activity” is defined as requiring at least two racketeering acts that occurred within ten years of one another. The upshot of this textual approach is to encompass conduct wholly unconnected to organized crime. RICO’s criminal prohibitions may be viewed as applying to anyone who commits a listed predicate offense on two or more occasions while participating in the operation of a legitimate business, union, or other associated group of individuals.

Persons convicted of engaging in this prohibited conduct are subject to traditional criminal sanctions such as enhanced fines and terms of imprisonment, and also to the then-novel remedy of criminal forfeiture. The version approved by the Senate also authorized civil injunctive relief on behalf of the government, consciously modeled on the federal antitrust laws. There was, however, no provision for private civil actions until late in the legislative process, when the House took up the Senate-approved version of the bill.

2. Addition of a Private Civil Remedy

For a provision that has given rise to so much litigation and controversy, 18 U.S.C. section 1964(c), authorizing private damages actions, has a remarkably thin legislative history. The provision was first put forward at a House subcommittee hearing by Representative Steiger

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72 See Lynch supra note 60, at 685-94.
74 See ABA Report at 96-97 (excerpting and discussing S. Rep. 91-617 at 80-83). The Senate Report relied expressly on the ABA committee’s observation that “the time-tested machinery of the antitrust laws contains several useful and workable features which are appropriate for use against organized crime.” S. Rep. 91-617 at 81.
75 See 18 U.S.C. § 1964(c) (authorizing federal district court action to recover treble damages and attorney’s fees for “any person injured in his business or property by reason of a violation of section 1962”).
and also by the American Bar Association.\(^7\) Both Representative Steiger and the ABA patterned their request on the treble damages provision in section four of the Clayton Antitrust Act; Steiger explained that “those who have been wronged by organized crime should at least be given access to a legal remedy” and that “the availability of such a remedy would enhance the effectiveness of title IX’s prohibitions.”\(^7\) The House Judiciary Committee incorporated the provision as one of some fifty amendments prior to reporting favorably on the bill as a whole.\(^7\) When the amended bill was taken up in the House, the ranking minority member of the Judiciary Committee summarized important changes made from the Senate-passed version without mentioning the addition of the private cause of action.\(^7\) The following day, a second prominent committee supporter briefly noted the addition as part of his statement on the floor, characterizing it as “another example of the antitrust remedy being adapted for use against organized criminality.”\(^8\)

Although the private damages provision seemed a minor change to the bill’s key supporters, it attracted the attention of several bill opponents. In their dissenting views to the House Judiciary Committee Report, Representatives Conyers, Mikva, and Ryan criticized the new provision for “invit[ing] disgruntled and malicious competitors to harass innocent businessmen engaged in interstate commerce.”\(^8\) The dissenters went on to predict that “[w]hat a protracted, expensive trial may not succeed in doing, the adverse publicity may well

\(^7\) See Subcomm. No. 5 of the House Comm. on the Judiciary, Hearings on S. 30 and Related Proposals, Related to the Control of Organized Crime in the United States, 91\(^{st}\) Cong. 2d Sess. at 520 (proposal of Rep. Steiger), 548 (proposal of the American Bar Assn.).

\(^8\) Id. at 520. Similarly, Senator McClellan, commenting briefly on the ABA proposal months before it was added to the House bill, described it as potentially “a major new tool in extirpating the baneful influence of organized crime in our economic life.” 116 Cong. Rec. 25190 (1970).
accomplish—destruction of the rival’s business.” Representative Mikva then offered an unsuccessful floor amendment seeking to authorize treble damages actions against anyone who brought a frivolous lawsuit under the new section. The House passed its version of the Organized Crime Control Act by an overwhelming margin in the final days of the 91st Congress, and the Senate concurred in the House version with no comment or discussion on the RICO civil damages provision.

This sparse legislative history arguably points in two different directions. One could infer from the House committee report dissenting views, followed by the failed Mikva floor amendment, that House members were sufficiently apprised of the risks associated with authorizing private damages actions and that they voted to do so with eyes open. Fifteen years later, Mikva himself ruefully recognized the unintended impact of his “parade of horribles” approach, testifying to former colleagues that “[m]y hyperbole has been used by lawyers to prove that is what Congress had in mind” when it voted for the House version of the bill.

On the other hand, Mikva’s negative comments on civil damages actions are contained in one paragraph of a fifteen-page dissent that itself is part of a two-hundred-page committee report filed less than a week before the massive Organized Crime Control Act was taken up by the full House. And Mikva’s floor amendment was voted on by sixty-seven members meeting as the Committee of the Whole, less than one-sixth of the body. More generally, deriving the intent of the House from the dire predictions offered by three opponents to a bill supported on final

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82 Id.
83 See 116 Cong. Rec. 35342-43 (1970). The amendment was defeated in the Committee of the Whole by a vote of 45-22. See id. at 35343.
87 See supra note 83.
passage by over ninety percent of voting members seems highly questionable, quite apart from there having been no discussion at all of the provision by the Senate.

A more likely lesson to be drawn from this legislative history would invoke Sherlock Holmes’ insight about the dog that did not bark. If Congress had meant to create a substantial freestanding civil action for use in ordinary commercial disputes, key supporters would have expressed this intent rather than simply describing the new provision as an added tool in the fight against organized crime. The belated insertion of a private damages provision, combined with minimal explanation or commentary from supporters, suggests it was viewed at the time as of little consequence. Still, that Congress likely never anticipated the breadth of RICO’s private damages provision does not mean the language itself is limited to organized crime settings. The Supreme Court in its initial wave of RICO decisions made clear that breadth of coverage is precisely what RICO text provides.

C. An Expansive First Generation of Supreme Court Decisions

Criminal prosecutions under RICO were infrequent during the Act’s early years and civil lawsuits were almost non-existent. The Supreme Court did not hear its first RICO case until 1981 and did not issue a decision involving a civil RICO action until 1985. Once it entered the field, however, the Court firmly established RICO’s broad scope with respect to civil damages actions. A trio of decisions made clear that civil RICO covers a range of activities wholly unrelated to the “infiltration of legitimate businesses” rationale that dominates the legislative history.

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89 See H.R. Rep. No. 101-975 at 6-7 (1990) (reporting data on criminal and civil RICO filings as part of report accompanying proposed RICO Amendments Act of 1990); Lynch, supra note 60, at 695 (discussing three year hiatus before first reported court opinion dealing with RICO.
Following two cases that expanded the reach of criminal prosecutions under RICO, the Court turned its attention to private civil actions in *Sedima S.P.R.L. v. Imrex Co.* The case involved a joint business venture in which one company—convinced it was being overbilled for expenses and thereby cheated out of profits by the other—asserted RICO claims under section 1964(c) for alleged violations of section 1962(c), based on predicate acts of mail and wire fraud. These RICO claims were dismissed by the district court and the Second Circuit affirmed on two separate grounds. The court of appeals reasoned that under section 1964(c), a plaintiff must allege a “racketeering injury,” meaning the type of organized crime injury that RICO was designed to deter rather than simply an injury occurring as a result of the predicate acts themselves. The appellate court also concluded that a valid RICO complaint must allege respondents had been *convicted* of the RICO predicate acts, not simply that respondents had *committed* those acts.

The Supreme Court reversed in a five-to-four decision. Writing for the majority, Justice White took note of the legislative history linking the treble damages provision to the goal of extirpating organized crime. But based on the Act’s definition of “racketeering activities”—encompassing conduct that is no more than “chargeable,” “punishable,” or “indictable” under a range of specified federal and state laws—the majority held that a prior conviction was not

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90 See United States v. Turkette, 452 U.S. 576, 580-93 (1981) (broadly construing the term “enterprise” to encompass illegitimate as well as legitimate enterprises, and holding that the Act’s criminal prohibitions apply to participation in an entity or association that performs only unlawful activities and has not infiltrated or attempted to infiltrate a legitimate enterprise); Russello v. United States, 464 U.S. 16, 20-29 (1983) (broadly construing the criminal penalty provision on forfeiture to hold that insurance proceeds received as a result of racketeering activities constitute an “interest” subject to forfeiture).
92 See *id.* at 483-84.
94 Justice White authored the majority opinion; Justices Marshall and Powell each wrote lengthy and impassioned dissents. See 473 U.S. at 500-23, 523-30.
required. The majority also rejected the appellate court’s second pre-requisite for a private action under RICO, that the injury be “caused by an activity which RICO was designed to deter.” Justice White observed that racketeering activities as defined involve nothing other than the commission of a predicate act, and that section 1962 prohibits “any person—not just mobsters” from acquiring an interest in or participating in the conduct of an enterprise through such racketeering activities.

The majority conceded that it was interpreting the civil RICO provisions very broadly, but it emphasized that Congress meant for RICO to be construed broadly—as evidenced in its “self-consciously expansive language” and also the express textual statement that RICO is to “be liberally construed to effectuate its remedial purposes.” At the same time, the Court understood that private civil actions were being brought almost solely against legitimate businesses rather than against mobsters or organized criminals, and accordingly that “in its private civil version RICO is evolving into something quite different from the original conception of its enactors.” The Court’s response, however, was that it was bound by the clear breadth of the text itself, and any corrections must come from Congress.

Sedima established the Court’s doctrinal and institutional approach for a first generation of decisions applying RICO’s private civil provisions. The Justices could have confined civil RICO to conduct adjudicated as criminal or directly linked to organized crime—based on the Act’s legislative history and also on larger policy considerations the Court has often deemed important, such as the rule of lenity, the need to avoid federalizing large areas of state law, and

\[\text{95 See 473 U.S. at 488-89.}\]
\[\text{96 Id. at 494 (internal quotes omitted).}\]
\[\text{97 Id. at 495 (internal quotes omitted).}\]
\[\text{98 Id. at 497-98, citing to Pub.L.No.91-452, §904(a), 84 Stat. 947.}\]
\[\text{99 Id. at 499-500.}\]
\[\text{100 See id. at 499.}\]
the desirability of not supplanting other well-established federal regulatory schemes.\textsuperscript{101} Instead, the Court relied on a contested “plain meaning” analysis of text to conclude that its hands were effectively tied.\textsuperscript{102} And while acknowledging the unanticipated breadth of its interpretation from Congress’s perspective, the Court in *Sedima* declined to signal any limits to this broad coverage; it simply invited Congress to address the situation.

The Court pursued its expansive text-based approach in two other early cases construing RICO’s private damages provisions.\textsuperscript{103} *In H.J. Inc. v. Northwestern Bell Tel. Co.*, telephone company customers sought treble damages under RICO, alleging that the company had made cash and in-kind payments to public utility commissioners in a fraudulent scheme to secure rates in excess of a fair and reasonable amount.\textsuperscript{105} The Supreme Court reversed the lower court’s dismissal of the complaint, and in doing so rejected the Eighth Circuit’s test requiring that a pattern of racketeering activity involve multiple illegal schemes.\textsuperscript{106}

Writing for five members, Justice Brennan began by noting that in the four years since *Sedima*, “Congress has done nothing…further to illuminate RICO’s key requirement of a pattern of racketeering.”\textsuperscript{107} The majority found no textual support for the Eighth Circuit’s multiple-scheme rule, or for the parallel arguments (advanced by numerous amici) that a defendant’s

\textsuperscript{101} See id. at 501, 504-07 (Marshall, J., dissenting), 526-29 (Powell, J., dissenting). For indications that the Justices were attentive to these policy considerations during the 1980s and 1990s, see, e.g., McNally v. United States, 483 U.S. 350, 359-60 (1987); Ratzlaf v. United States, 510 U.S. 135, 148-49 (1994); Cleveland v. United States, 531 U.S. 12, 24-25 (2000).
\textsuperscript{102} Justice Marshall, writing for four Justices in dissent, invoked the plain meaning of section 1964(c), which grants a private cause of action only to persons injured “by reason of a violation of § 1962”; he argued that the majority had ignored this plain meaning by in effect authorizing recovery whenever there has been a violation of § 1962. See 473 U.S. at 478-79 (emphasis in original, internal citation omitted).
\textsuperscript{103} See also American Nat’l Bank & Trust Co. v. Haroco Inc., 473 U.S. 606, 608-09 (1985) (per curiam) (relying on *Sedima* to reject summarily the argument that a civil RICO injury must flow from a defendant’s performance of predicate acts as part of the conduct of an enterprise, and holding that injury from the predicate offenses alone was sufficient).
\textsuperscript{104} 492 U.S. 229 (1989).
\textsuperscript{105} See id. at 233-34.
\textsuperscript{106} See id. at 234-35.
\textsuperscript{107} Id. at 236.
racketeering activities form a pattern only if they are “characteristic either of organized crime…or of an organized-crime-type perpetrator.”\textsuperscript{108} The Court instead held that Congress envisioned a “flexible concept of a pattern,” one that could be established by a single scheme of two or more racketeering predicates so long as the predicates are shown to be related and to pose a threat of continued criminal activity.\textsuperscript{109} The Court recognized the open-ended nature of this standard, but invoked its earlier reliance on “RICO’s ‘self-consciously expansive language and overall approach’” to resist any narrower construction.\textsuperscript{110}

Five years later, in \textit{National Organization for Women, Inc. v. Scheidler},\textsuperscript{111} the Court considered a RICO civil action alleging that a coalition of anti-abortion groups were conspiring to shut down abortion clinics through extortion and related racketeering activities.\textsuperscript{112} The Supreme Court again reversed a lower court dismissal, this time rejecting the Seventh Circuit’s test that racketeering predicate acts or a racketeering enterprise must be accompanied by an underlying economic motive.\textsuperscript{113}

Writing for a unanimous majority, Chief Justice Rehnquist observed that the Act sets forth broad definitions of both “racketeering activity” and “enterprise,” but those definitions nowhere refer to the requirement or even possibility of an economic motive.\textsuperscript{114} Rehnquist viewed the RICO text that comes closest to suggesting the need for an economic motive as section 1962(c), prohibiting use of racketeering activities to participate in the conduct of “any enterprise engaged in, or the activities of which affect, interstate commerce.”\textsuperscript{115} The majority relied on a dictionary definition of “affect” to construe this text, concluding that an enterprise

\textsuperscript{108} Id. at 243-44.
\textsuperscript{109} See id. at 239-42.
\textsuperscript{110} Id. at 249.
\textsuperscript{111} 510 U.S. 249 (1994).
\textsuperscript{112} See id. at 253.
\textsuperscript{113} See id. at 254, 256-60.
\textsuperscript{114} See id. at 256-57.
\textsuperscript{115} See id. at 257 (emphasis added).
“surely can have a detrimental influence on interstate or foreign commerce without having its own profit-seeking motives.”\textsuperscript{116}

The Court went on to reject respondent’s reliance on RICO’s statement of findings which had emphasized that organized crime was draining billions of dollars from the American economy. In doing so, the Court reiterated its now-familiar position that while RICO as enacted “had organized crime as its focus, [it] was not limited in application to organized crime.”\textsuperscript{117} Finally, the Court declined to consult either legislative history or the rule of lenity because the text itself was unambiguous; the Court added the mantra from \textit{Sedima} that RICO’s “appl[ication] in situations not expressly anticipated by Congress does not demonstrate ambiguity. It demonstrates breadth.”\textsuperscript{118}

Although no Justice voted against the result in \textit{Northwestern Bell} or \textit{Scheidler}, there were serious concerns expressed in each case. In \textit{Northwestern Bell}, Justice Scalia and three other Justices concurred only in the Court’s judgment.\textsuperscript{119} Scalia found the Court’s definition of “pattern” vague and unhelpful, and he expressed a broader discomfort that the Court’s decision in \textit{Sedima} was effectively allowing civil RICO actions to transform private litigation and to federalize whole areas of state common law.\textsuperscript{120} And in \textit{Scheidler}, Justices Souter and Kennedy wrote separately to emphasize that despite the Court’s opinion extending RICO’s scope to non-economically based entities such as civil rights organizations, the First Amendment might preclude the statute’s application in certain instances.\textsuperscript{121} Souter specifically referenced conduct alleged to constitute Hobbs Act extortion or one of the other comparably open-ended predicate

\textsuperscript{116} \textit{Id.} at 258.
\textsuperscript{117} \textit{Id.} at 260, quoting H.J. Inc., 492 U.S. at 248.
\textsuperscript{118} \textit{Id.} at 262, quoting \textit{Sedima}, 473 U.S. at 499 (further internal quotation omitted).
\textsuperscript{119} See 492 U.S. at 251-56 (Scalia, J., joined by the Chief Justice and Justices O’Connor and Kennedy, concurring in the judgment).
\textsuperscript{120} See \textit{id.} at 255 (citing with approval Justice Marshall’s dissenting opinion in \textit{Sedima}).
\textsuperscript{121} See 510 U.S. at 263-65.
acts that might “be fully protected First Amendment activity, entitling the defendant to dismissal on that basis.”\footnote{122}

Notwithstanding such concerns, the first generation of Court decisions, led by \textit{Sedima}, contributed to a substantial increase in private RICO litigation. From enactment in 1970 through 1985, there were a total of 270 civil RICO cases reported.\footnote{123} Between 1985 and 1990, roughly 1000 civil cases were filed each year.\footnote{124} The number of RICO filings in federal district courts has declined somewhat since the early 1990s, but the average annual number from 2001 to 2008 remains well above 700.\footnote{125} Included in this torrent of civil RICO cases are a considerable number of RICO claims from employers alleging extortionate conduct by unions in the midst of labor management disputes.

D. \textit{Private RICO Actions Against Labor Organizations}

Since the late 1980s, employer litigation against unions often has included claims under RICO. Over the past two-plus decades, dozens of district court decisions have addressed these issues,\footnote{126} and there are doubtless many more filed actions that were settled or disposed of without a district court ruling on the employer’s RICO claim. A handful of federal appellate court opinions also have examined issues of union civil liability under RICO.\footnote{127}

\begin{footnotes}
\footnotetext{122}{\textit{Id.} at 264 (citing with approval Court’s decision in NAACP v. Claiborne Hardware, 458 U.S. 886, 917 (1982)).}
\footnotetext{124}{See id. (reporting average of 1000 from 1986 through 1989); Administrative Office of United States Courts, Federal Judicial Workload Statistics, Table C2 (1990) (reporting 957 private civil RICO actions commenced during twelve month period ending Dec. 31, 1990).}
\footnotetext{125}{See generally Administrative Office of the U.S. Courts, Statistics Division, \textit{Federal Judicial Caseload Statistics}, Table C-2, for years 2001 through 2008.}
\footnotetext{126}{In addition to the district court cases cited \textit{infra} at notes 128-129, 131-133, and 138, see cases cited or discussed in \textit{The Developing Labor Law} 2500-2654 (5th ed. 2006).}
\footnotetext{127}{See, e.g., Adcock v. Freightliner LLC, 550 F.3d 369, 374-76 (4th Cir. 2009); Hotel Employees Local 57 v. Sage Hospitality Resources LLC, 390 F.3d 206, 218-19 (3d Cir. 2004); Petrochem Insulation Inc. v. NLRB, 240 F.3d 26, 28-33 (DC Cir. 2001); Monterey Plaza Hotel v. Local 483 HERE, 215 F.3d 923, 925-28 (9th Cir. 2000).}
\end{footnotes}
In some of these actions, employers challenge as racketeering activity union conduct that is not part of a comprehensive campaign. With respect to RICO claims that involve extended union campaigns, employers may allege that union conduct includes regular or pervasive acts of violence. It is also the case that unions or employees bring RICO claims against employers with some frequency.

Nonetheless, there are a substantial number of RICO actions brought by employers, implicating union comprehensive campaigns in the organizing or bargaining context, where employers allege that various non-violent campaign tactics and activities amount to extortionate conduct. Employers began bringing these cases in the late 1980s, they did so during the 1990s, and allegations that union campaign activities should be deemed extortionate continue to be raised. The reported decisions in these cases tend to involve a union’s motion to dismiss RICO claims on various grounds; such motions succeed or fail at roughly comparable levels. 

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131 See, e.g., Texas Air Corp. v. ALPA, 1989 WL 146414 (S.D. Fla 1989); Petrochem v. Northern Calif. Pipe Trades Council 1991 WL 158701 (ND Cal 1991), affirmed 8 F.3d 29 (9th Cir. 1993), (unpublished op.).


134 Dismissals granted include Cintas, Wackenhut, and Petrochem. Dismissals denied include Smithfield, Mariah Boat, A. Terzi Prod., and Bayou Steel.
Management attorneys have expressed reservations when discussing the efficacy of RICO and other civil actions solely as legal approaches to defeat comprehensive campaigns.\(^{135}\)

When assessing the value of RICO lawsuits in strategic terms, however, employer advocates are more bullish. As one attorney representing management recently explained to the New York Times, lawsuits that survive motions to dismiss usually trigger settlement discussions, and “when [unions] settle, it normally breaks the campaign.”\(^{136}\) There is ample evidence that RICO actions can have a chilling effect on unions and their individual supporters.\(^{137}\) Of course, there is nothing wrong with employers relying on reasonable or even plausibly contestable legal arguments to survive motions to dismiss a RICO claim. But if a core legal argument is determined to be unreasonable or implausible as a matter of law, its settlement value would disappear and its adverse reputational impact would presumably decline as well.

When unions move to dismiss employers’ RICO claims, they may do so on numerous grounds other than whether the challenged campaign amounts to extortion. Unions often argue that an employer’s claim is preempted under federal labor law.\(^{138}\) They also may contend that

\(^{135}\) See Baskin & Northrup, supra note 7, at 217-219 (discussing inter alia RICO actions and opining that such actions “have had only limited success in the courts”); Stanley J. Brown & Alyse Bass, Corporate Campaigns: Employer Responses to Labor’s New Weapons, 6 LAB. LAW 975, 978, 983 (1990) (reviewing employer legal strategies including RICO actions and observing that “[i]n short, employer efforts to utilize the Board and the courts will often be frustrated, particularly if a union is well advised by counsel.”

\(^{136}\) Liptak, supra note 12 (quoting G. Robert Blakey, one of the lawyers in Smithfield Foods v. UFCW (discussed supra at notes 133 and 134)). Blakey, who helped draft RICO in 1970 as an aide to Senator McClellan, has appeared as counsel to employers in other RICO actions. See e.g., United States v. Palumbo Brothers Inc., 145 F.3d 850, 855 (7th Cir. 1988); Plaintiff’s Memorandum in Opposition to Defendant’s Joint Rule 12(b)(6) Motion to Dismiss, Cintas Corp. v. UNITE HERE, 601 F.Supp. 2d 571 (S.D.N.Y. 2009) (No. 09-CV-2185).

\(^{137}\) See e.g., Juravich & Bronfenbrenner, supra note 48, at 87 (describing chilling effect on local union and its leaders during campaign against Ravenswood Aluminum Corp.); RICO is a “Powerful Tool” in Labor Disputes, CIVIL RICO REPORT, Sept. 17, 2002, at ___ (quoting union attorney at American Bar Association annual meeting, observing that management sees civil RICO as a means to weaken or destroy unions, adding that “Today, RICO is the most powerful tool management has against organized labor”); Rep. Rick Boucher, Raising the Bogy of Big Business, WASH. POST, May 13, 1989, at A17 (critical of chilling effect from three billion dollar RICO suit filed by Frank Lorenzo against Eastern Airlines pilots and mechanics unions).

\(^{138}\) See, e.g., Petrochem, supra note 131 (granting dismissal on grounds of NLRA preemption); Buck Creek Coal Inc. v. United Mine Workers, 670 F.Supp. 601 (S.D. Ind. 1995) (same); Teamsters Local 372, supra note 129 (denying dismissal on ground of labor law preemption); Mariah Boat, supra note 132 (same). See also Merryman
the union and its supporters do not qualify as a RICO enterprise, that the union’s conduct does not constitute a “pattern” of activity, or that the union has not committed a predicate offense (other than extortion) alleged in the complaint.

The central element in employers’ RICO challenges to comprehensive campaigns is, however, the allegation of extortion. The whole point of these campaigns is to impose extended economic pressure on companies, to instill a sufficient fear of economic loss so as to “squeeze” the employer and extract procedural or substantive concessions in the areas of union recognition or collective bargaining. Whether this approach essentially qualifies as permissible concerted activity or as “the same thing as what John Gotti used to do,” raises basic issues of statutory meaning, issues that turn on doctrine rather than on factual complexity. Although the federal crime of extortion is defined under the Hobbs Act, the interpretation of that definition in private civil litigation against unions has become distinctly a matter of RICO’s doctrinal application.

Before addressing this doctrinal matter, we first consider the record of RICO reform efforts by Congress, and the Supreme Court’s more recent cases interpreting civil RICO. The Court’s second generation of decisions, especially two cases decided in 2003 and 2007, suggest that the meaning of extortion ought not to cover the activities typically engaged in during union campaigns.


139 See, e.g., New Beckley Mining Corp. v. Mineworkers, 18 F.3d 1161 (4th Cir. 1994) (granting dismissal); Yellow Bus Lines v. Drivers’ Local 689, 883 F.2d 132 (D.C. Cir. 1989) (same). See generally Northrup & Steen, supra note 4 at 775-76 (discussing issue of distinct identities involving RICO “person” and enterprise).

140 See, e.g., Cox v. Administrator, U.S. Steel & Carnegie, 17 F.3d 1385, 1397-98 (11th Cir. 1984) (denying union motion for summary judgment); A Terzi Prod., supra note 132, at 508-09 (denying union motion to dismiss).

141 See, e.g., Monterey Plaza Hotel, supra note 127 (affirming dismissal because complaint fails to state claim for mail fraud or wire fraud); Teamsters Local 372, supra note 129, at 764-765 (denying dismissal where complaint adequately states claim alleging attempted robbery and arson).

142 By contrast, the issue of federal labor law preemption often implicates difficult mixed matters of fact and law, such as whether the labor law questions in the case are merely “collateral” or whether a violation of the RICO predicate offense may be found only if the union’s conduct violates the NLRA. See generally Trollinger v. Tyson Foods Inc. 370 F.3d 602, 608-11 (3rd Cir. 2004).
II. REFORMING RICO: CONGRESSIONAL INACTION AND SUPREME COURT INITIATIVES

A. Failed Efforts at Legislative Reform

Congress began exploring measures to limit the scope of private civil RICO in 1985 and 1986, as *Sedima* was being argued and decided by the Supreme Court. The criticisms raised to justify reform were strikingly similar to those voiced by Justices Marshall and Powell in their *Sedima* dissents. Business representatives and some government regulators explained that section 1964(c) had become a weapon in ordinary commercial disputes wholly unrelated to organized crimes; that civil RICO was supplanting established federal regulatory schemes which did not provide for treble damages or attorney’s fees in their private rights of action; and that the civil cause of action was burdening the federal court system by federalizing vast areas of state law.144

Substantial support to reform civil RICO came initially from all three branches. The Department of Justice testified largely in favor of pending House and Senate bills in 1989.145 The Court majority in *Sedima* had implicitly invited Congress to override its decision,146 and Chief Justice Rehnquist made that invitation unusually explicit. In a 1989 speech entitled *Reforming RICO*, Rehnquist noted an eight-fold increase in RICO civil filings between 1983 and 1988, emphasized the provision “is now being used in ways that Congress never intended,” and

146 *See Sedima, supra note 91, 473 U.S. at 499.*
concluded “the time has arrived for Congress to enact amendments to civil RICO to limit its scope to the sort of wrongs that are connected to organized crime, or have some other reason for being in federal court.” During this same period, then-United States Attorney Samuel Alito co-edited a book entitled *The RICO Racket*, in which he acknowledged the loud calls for amending civil RICO while expressing the hope that federal criminal enforcement would not be adversely affected.

Congress seriously pursued comprehensive civil RICO reform between 1985 and 1992, and considered an additional reform possibility in 1998. Bills favored by the judiciary committees in one or both chambers during this period featured numerous significant proposed changes, including but not limited to the following: (i) barring private civil actions unless the defendant had been previously convicted of a RICO predicate offense; (ii) barring treble damages and attorney’s fees except for instances where a prior RICO offense conviction was present; (iii) inserting a more precise and restrictive definition of “pattern of racketeering activity;” (iv) imposing tougher federal pleading rules for all civil RICO cases; (v) creating an affirmative defense for persons who relied in good faith on state or federal regulatory action when performing the challenged activities; (vi) prohibiting use of the term “racketeering activity” in civil suits not alleging a crime of violence; and (vii) prohibiting RICO lawsuits that challenge nonviolent public speech expressed through protests, rallies, or demonstrations.

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150 See, e.g. H.R. 2943 99th Cong., 1985 (permitting private actions only with prior conviction for a RICO offense); S. 438 101st Cong., 1990 (prohibiting treble damages and attorney’s fees unless prior RICO conviction is present and prohibiting private actions against non-violent public speech); H.R. 1717, 102d Cong. 1991 (adding stricter pleading requirements and higher burden of proof, and requiring that defendant be a “major participant” in criminal conduct responsible for plaintiff’s injury. See also H.R. 4245 105th Cong., 1998 (eliminating RICO predicate offense of extortion).
One reform measure was approved by the House but died on the Senate Floor in October 1986. Bills in subsequent Congresses received approval from the House and/or Senate Judiciary Committees, but did not garner support in either chamber as a whole. By late 1991, momentum had receded for the reform of civil RICO.

Although organized labor was a marginal player in these legislative efforts, it regularly supported major civil RICO reform proposals during the 1985-92 period. Through testimony at congressional hearings and letters submitted to Congress, the AFL-CIO and individual unions expressed their concerns about application of civil RICO to “run of the mine…labor disputes” bearing no relation to organized crime. And the Senate Judiciary Committee specifically noted that the use of civil RICO against unions in labor disputes “is not what Congress had in mind when it was debating RICO” in 1970.

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151 See 132 Cong. Rec. 32497-32504 (1986) (reporting on civil RICO amendment proposed by Senators Metzenbaum and Bumpers, identical to bill that passed 371-28 in House; following debate, amendment tabled 47-44).


153 Melanie Oberlin, Reference Librarian at the Moritz College of Law, conducted searches on December 2-3, 2009 on Thomas (http://thomas.loc.gov) and in the CCH Congressional Index for bills in the 102nd Congress (1991-92) aimed at amending civil RICO. The search identified no bill in the Senate, and only H.R. 1717 (discussed at notes 150 and 152 supra) in the House. A further search of congressional hearings, using CIS Index on Lexis Nexis Congressional, indicates there were major hearings on civil RICO reform from early 1985 through April 1991; then no more hearings until 1998.

154 Additionally, minor bills introduced during this period would have eliminated civil RICO actions for conduct “in connection with and during a labor dispute.” See H.R. 3240, § 4(b), 100th Cong. 1987; H.R. 4920, § 4, 100th Cong. (1988). See also S. 300, 99th Cong. 1985 (creating affirmative defense under Hobbs Act for conduct “incidental to peaceful picketing in the course of a legitimate labor dispute.”) None of these bills reached the committee report stage.


Several labor-specific factors add weight to the contention that Congress in 1970 never meant to cover ordinary labor-management controversies. One involves the jurisdiction of congressional committees. If the Senate or House had intended that RICO might be used against strikes, demonstrations, or similar economically motivated group action by unions, the bill would have been referred to Congress’s respective labor committees in addition to the judiciary committees. As G. Robert Blakey, chief aide to Senator McClellan, pointed out, it was no accident that such a referral never took place—Senator McClellan’s instructions were to be sure that RICO’s civil sanctions “would not be used at all in the context of demonstrations of any type.”

A second factor involves the predicate offenses contained in section 1961(1)’s definition of racketeering activity. Included in the list of over seventy separately indictable federal offenses are two crimes specified under federal labor law: embezzlement from union funds, and improper payments or loans to labor organizations. This attention to crimes implicating financial corruption in labor-management relations arguably indicates the nature of labor-related RICO coverage that Congress had in mind. Finally and relatedly, repeated statements from key RICO sponsors focused on union abuses that were far removed from ordinary labor-management disputes. The union-related evils of particular concern to Senators McClellan and Hruska and Representative Poff included use of violence, extortion, and manipulation to “sell” labor peace to employers or contractors; or impose sweetheart labor

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157 Application of the RICO Law to Nonviolent Advocacy Groups: Hearing Before the Subcomm. On Crime of the House Judiciary Comm. 105th Cong. 24-25 (1998) (testimony of G. Robert Blakey). See also 1991 House Hearing supra note 155, at 135 (quoting from Blakey statements on classic misuse of civil RICO in Daily News strike). Blakey’s comments at the 1998 hearing and his paraphrased remarks from the 1991 hearing were made more than two decades after the original legislative record for RICO. Post-enactment history is generally viewed as unreliable, but Blakey’s role in drafting RICO is widely recognized and continues to be credited.

158 See 18 U.S.C. § 1961(1)(C) (specifically including acts indictable under 29 U.S.C. § 186 and § 501(c)).
contracts that depress employee wages and funnel extra monies to crime bosses; or eject union members who try to resist mob control.\textsuperscript{159}

In the end, Congress failed to enact reforms narrowing the overall scope of civil RICO for a number of reasons. The Justice Department objected to some proposed versions on grounds they would weaken its ability to pursue misconduct under the Act.\textsuperscript{160} Key state government representatives like the National Association of Attorneys General and the National Association of Insurance Commissioners expressed concern over limiting states’ ability to pursue civil actions.\textsuperscript{161} Consumer organizations, trial lawyers, and women’s groups also resisted what they viewed as efforts to undermine civil enforcement.\textsuperscript{162} In addition, the volume of federal court cases declined somewhat in the early 1990s.\textsuperscript{163} The decline continued after 1995, when Congress enacted its only substantive narrowing of civil RICO by barring civil actions for securities fraud absent a prior criminal conviction.\textsuperscript{164}


\textsuperscript{161} See id. at 25 (discussing opposition from National Association of Attorneys General and National Association of Insurance Commissioners); 1989 Senate Hearing, supra note 145, at 85, 90-104 (statement of Steven J. Twist, on behalf of National Association of Attorneys General); id. at 659, 660-73 (statement of Jim Long, on behalf of National Association of Insurance Commissioners).

\textsuperscript{162} See RICO Reform: Hearings Before the Subcomm. On Criminal Justice of the House Comm. on the Judiciary, 100th Cong. 164-71 (1987-88) (statement of Ralph Nader, on behalf of Center for the Study of Responsive Law); id. at 662-66 (statement of Pamela Gilbert, on behalf of U.S Public Interest Research Group); 1998 House Hearing, supra note 157, at 152-54 (statement of Susan Hill, on behalf of National Women’s Health Organization).

\textsuperscript{163} Compare Administrative Office of the U.S. Courts, Statistics Division, Federal Judicial Caseload Statistics, Table C-2, 1990, p. 33 (reporting 957 private RICO cases closed) with id. Table C-2, 1993, p. 27 (reporting 851 private RICO actions closed) and id., Table C-2, 1994, p. 24 (reporting 841 private RICO cases closed). See also H.R. Rep. No. 102-312, at 27 (discussing Judge Rymer statement of caseload problem as “exaggerated”).

Yet while Congress was unable to enact the major revisions proposed between 1985 and 1998, advocates for reform have achieved some success through the venue of the Supreme Court. Two sets of specific proposals warrant attention in this regard. First, reform advocates objected to the breadth of 18 U.S.C. section 1962(c), which makes it unlawful to “conduct or participate…in the conduct of an enterprise’s affairs” through racketeering activities. Some courts had construed this provision to cover persons whose participation in the enterprise lacked any supervisory or policymaking component. Both the American Bar Association and the AFL-CIO urged Congress to reject this position. They instead recommended modification of section 1962(c) to specify that culpable participants must exercise either managerial or supervisory responsibilities or else some form of policymaking direction over the enterprise. The organized bar and organized labor repeatedly offered these proposals to revise section 1962(c) between 1985 and 1991.

Second, and of greater relevance for present purposes, a different set of reform proponents objected to the civil prosecution of advocacy groups for engaging in a series of heated protests and demonstrations. Proposals to limit the scope of extortion in the civil RICO setting were offered as early as 1990 and again in 1998, in response to actions brought against

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166 See, e.g., Bank of America v. Touche Ross, 782 F2d 966, 970 (11th Cir. 1986); United States v. Elliott, 571 F.2d 880, 903 (5th Cir. 1978).
167 See 1985-86 House Hearings supra note 85, at 1456 (Letter of Oct. 11, 1985 from Laurence Gold, General Counsel, AFL-CIO) (proposing that “conduct or participate…in the conduct” be defined as “to manage in a supervisory capacity the enterprise’s basic functions so as to further the enterprise’s financial interests”); Proposed RICO Reform Legislation: Hearings on S. 1523 Before Senate Comm. on the Judiciary, 100th Cong. 330 (1987) (Testimony of Robert Chiesa on behalf of the ABA) (recommending amendment specifying “that the conduct element requires some policymaking power over the affairs of the enterprise”).
168 Apart from sources at note 167, AFL-CIO proposal is in 1987 Senate Hearings supra, at 304, 1989 House Hearings supra note 145, at 253; ABA proposal is in 1991 House Hearings supra note 155, at 144, 149. Additionally, the House Judiciary Committee twice reported out bills providing that RICO civil remedies were to be used only “against major participants” in criminal conduct. See H.R. Rep. No. 102-312 at 7 (1991); H.R. Rep. No. 101-975 at 15 (1990).
169 See S. Rep. No. 101-269 at 7 (1990) (reporting proposed amendment to section 1962 offered by Senator Humphrey (R, N.H.) and supported by American Civil Liberties Union and Americans United for Life; amendment
groups and individuals who sought to block access to abortion clinics.\textsuperscript{170} Importantly, the proposals were to reform civil RICO rather than to amend the Hobbs Act. This legislative focus in turn reflects the unusual nature of the connection between the two federal statutes in that the proposed reforms would not have changed either law outside the context of their interaction.

Although the abortion-related circumstances of the proposed reforms led to partisan divisions among members of the judiciary committees,\textsuperscript{171} the amendment to restrict civil RICO suits alleging extortion against nonviolent protesters received support from the American Civil Liberties Union.\textsuperscript{172} The proposed revision also was endorsed by Robert Blakey, who had helped draft RICO in 1970 as an aide to Senator McClellan. Blakey urged legislators to clarify the difference between two crimes: the RICO-included offense of extortion and the RICO-excluded offense of coercion.\textsuperscript{173} Blakey elaborated on this distinction between extortion—which “classically was a seizing of property” — and coercion—which “is an interference with autonomy”—by invoking the New York common law concept of extortion as incorporated into the Hobbs Act.\textsuperscript{174}

Neither the proposals to limit the scope of “conduct or participate” nor the proposals to restrict the meaning of “extortion” were enacted by Congress. However, these reforms were

\begin{itemize}
\item Would have excluded from definition of “racketeering activity” all non-violent protests or demonstrations undertaken for reasons other than economic advantage). HR 4245 § 3, 105\textsuperscript{th} Cong. 1998 (eliminating extortion as a predicate offense for civil RICO purposes).
\item See, e.g., Northeast Women’s Center Inc. v. McMonagle, 868 F.2d 1342, 1349-50 (3d Cir.) (1989) (upholding broad district court jury instruction on extortion); National Organization for Women Inc. v. Scheidler, 267 F.3d 687, 709 (7th Cir. 2001) (affirming civil RICO award of $257,000 and holding that Hobbs Act covers protesters’ actions interfering with clinics’ rights to deliver medical services); United States v. Arena, 180 F.3d 380, 394 (2d Cir. 1999) (affirming convictions for extortion where anti-abortion protesters interfered with victims’ right to conduct a business free from threats of violence and physical harm).
\item See, e.g., 1998 House Hearing, supra note 157, at 1-7 (reporting members’ explanations of their disagreements with respect to the anti-abortion protests at issue).
\item See 1998 House Hearing at 23-29.
\item For quoted definitions, see id. at 26. For elaboration discussing New York common law and Hobbs Act, see id. at 36-38 (submitted as part of written testimony).
\end{itemize}
effectively adopted by the Supreme Court, as part of its second generation of decisions interpreting civil RICO.

B. Supreme Court Decisions Constraining Civil RICO

As previously discussed, a trio of early Supreme Court decisions interpreted RICO provisions very broadly, indeed more broadly than the enacting Congress would have wanted.\textsuperscript{175} By contrast, the Court starting in 1993 has decided a second generation of cases confining the reach of civil RICO.\textsuperscript{176} These later decisions were issued \textit{after} unsuccessful efforts by Congress to override \textit{Sedima} and otherwise to restrict the scope of civil RICO’s operation. The majority opinions continue to rely on the same language-based approach used in the 1980s.\textsuperscript{177} Yet the Court’s constraining interpretations echo post-\textit{Sedima} proposals to modify this RICO language—proposals that had failed to secure approval in Congress.

In \textit{Reves v. Ernst & Young},\textsuperscript{178} the issue was whether an accounting firm’s conduct of a series of audits was sufficient to expose it to RICO liability under section 1962(c). Resolving a split in the circuits, the Court held that individuals or entities must participate in the operation or management of the enterprise itself in order to be subject to liability under section 1962(c).\textsuperscript{179} Justice Blackmun for the majority rejected the Justice Department’s position, relying on close linguistic analysis to conclude that the phrase “participate…in the conduct of [an] enterprise’s

\textsuperscript{175} See supra at Part I.C. (discussing \textit{Sedima, Northwestern Bell, and Scheidler}).


\textsuperscript{177} The majorities in \textit{Beck, Scheidler II, Anza}, and \textit{Wilkie} do not rely at all on RICO legislative history. The majority in \textit{Reves} invokes legislative history in a supportive sense, to reinforce its basic textual analysis. \textit{See} 507 U.S. at 179-83.

\textsuperscript{178} 507 U.S. 170 (1993).

\textsuperscript{179} \textit{See id.} at 177 (referencing split in circuits.); \textit{id.} at 179, 185 (stating “operation or management” test).
affairs” requires some part in directing those affairs.\textsuperscript{180} Blackmun dismissed efforts to invoke RICO’s “liberal construction” clause, a clause the Court had embraced in its earlier expansive decisions;\textsuperscript{181} he explained that the clause was “not an invitation to apply RICO to new purposes that Congress never intended.”\textsuperscript{182}

The Court’s narrowing construction of section 1962(c) closely parallels the ABA and AFL-CIO proposals to amend the section that had been offered without success between 1985 and 1991.\textsuperscript{183} Although the majority resisted arguments to impose an even narrower interpretation,\textsuperscript{184} its decision to restrict the scope of the “conduct or participate” language was important and also controversial. In addition to the circuit split and the Justice Department’s opposition, dissenting Justices Souter and White objected that the words of section 1962(c) were far from clear and the Court therefore should have relied on the “liberal construction” clause as it had done in prior cases.\textsuperscript{185}

Ten years after Reves, the Court issued a second major decision narrowing the scope of civil RICO, this time related to the concept of extortion.\textsuperscript{186} In Scheidler v. National Organization for Women Inc. (Scheidler II),\textsuperscript{187} the Court reviewed a RICO treble damages award against abortion protesters based on lower court findings that the protesters had violated federal

\textsuperscript{180} Id. at 177-79. See id. at 171 (referencing Justice Department position as amicus). The majority also invoked legislative history to reinforce its text-based analysis, a portion of the opinion not joined by Justices Scalia or Thomas. See id. at 172 n.1, 179-83.
\textsuperscript{181} See Sedima, 473 U.S. at 480; Northwestern Bell, 492 U.S. at 249.
\textsuperscript{182} 507 U.S. at 183.
\textsuperscript{183} See discussion at notes 167-168 supra, and accompanying text.
\textsuperscript{184} See 507 U.S. at 179 n.4 (disagreeing with D.C. Circuit suggestion that § 1962(c) requires “significant control over or within an enterprise”) (internal citation omitted, emphasis added by Supreme Court).
\textsuperscript{185} See 507 U.S. at 187-89 (Souter and White, JJ., dissenting).
\textsuperscript{186} In the interim, the Court decided Beck v. Prupis, 529 U.S. 494 (2000), holding that a person injured by an overt act undertaken in furtherance of a RICO conspiracy (in this instance terminating employees for refusing to participate in RICO activities) does not have a cause of action under section 1962(c) because the overt act was not otherwise wrongful under RICO.
\textsuperscript{187} 537 U.S. 393 (2003).
and state extortion law. The issue before the Justices following trial of the RICO claim was whether the protesters committed extortion within the meaning of the Hobbs Act, 18 U.S.C. § 1951, which forms the basis for extortion as a predicate offense under RICO. Writing for an eight member majority, Chief Justice Rehnquist held that because the protesters did not “obtain property” from either NOW or the abortion clinics, there could be no extortion under the Hobbs Act as a matter of law and the finding of a RICO violation must be reversed.

The majority emphasized that the Hobbs Act definition of extortion was closely modeled on the Penal Code of New York, and that under New York case law prior to passage of the Hobbs Act, the “obtaining of property” requirement included two distinct components: depriving another of property and acquiring that property for oneself. The majority also noted that the Court itself had embraced New York law’s two-pronged approach when it construed the Hobbs Act in a seminal decision. Chief Justice Rehnquist then determined that the “acquisition” prong of the “obtaining property” requirement had not been satisfied. The protesters may have deprived clinic operators of a property right of exclusive control over business assets, but they did not acquire such a right themselves: they “neither pursued nor received something of value from respondents that they could exercise, transfer, or sell.” The majority added that apart from vindicating the express language of the Hobbs Act, the requirement that property be “obtained” comported with the longstanding distinction between extortion and the separate crime

188 See National Organization for Women Inc. v. Scheidler, 267 F.3d 687, 694 (7th Cir. 1994). The Court had previously held that the clinics subjected to these protests had standing under RICO even though the protesters lacked any economic motive for their conduct. See 510 U.S. 249, 256-62 (1994) (discussed at text accompanying notes 111-118 supra).
189 See 537 U.S. at 397 (discussing issue presented); 18 U.S.C. § 1961(1)(B) (defining “racketeering activity” to include any act indictable under… “section 1951 (relating to interference with commerce, robbery, or extortion)”).
190 See 537 U.S. at 402-11. The Hobbs Act defines extortion to mean “the obtaining of property from another, with his consent, induced by wrongful use of actual or threatened force, violence, or fear, or under color of official right.” 18 U.S.C. §1951(b)(2)(emphasis added)
191 See 537 U.S. at 403.
192 See id. at 404 (discussing United States v. Enmons, 410 U.S. 396, 406 n.16 (1973)).
193 Id. at 404-05 (internal citation omitted).
of coercion under New York law. Coercion was a lesser offense, involving not acquisition of property but rather the use of force or violence to compel or restrict the actions and decisions of another—such as the use of force to compel a business to enter into a labor agreement with a union.\footnote{See id. at 405-06 (specifically relying on People v. Kaplan, a 1934 New York appellate court decision). Given the well-settled distinction between extortion and coercion, Congress’s decision when drafting the Hobbs Act to include extortion but omit coercion was significant in construing the scope of the extortion provision. Id. at 406. Chief Justice Rehnquist recognized there was some overlap between the two crimes in that extortion requires using coercive conduct to obtain property, but he noted the basic distinction between these offenses persists to the present day. Id. at 407-08.}

Because the clinic protesters did not engage in extortion within the meaning of the Hobbs Act, they did not commit a federal predicate offense under RICO. For similar reasons, the majority reversed the lower court’s finding that the protesters had committed extortion under state law, a distinct RICO predicate offense. Here, the majority relied on its own precedents and the practice in most states to conclude that for RICO purposes, conduct charged as a matter of state law “must be capable of being generically classified as extortionate” consistent with Hobbs Act requirements.\footnote{Id. at 409-10 (relying \textit{inter alia} on United States v. Nardello, 393 U.S. 286 (1969) and Taylor v. United States, 495 U.S. 575 (1990)).} In a brief concurring opinion, Justices Ginsburg and Breyer lauded the Court’s unwillingness “to extend RICO’s domain further by endorsing the expansive definition of “extortion” adopted by the Seventh Circuit.”\footnote{537 U.S. at 412.} They also noted that the contrary position taken by NOW, and also by the Justice Department, might well have made RICO extortion applicable to the civil rights sit-ins of the 1960s.\footnote{See id. at 411, note*.}

The Court’s approach in imposing constraints on the RICO predicate offense of extortion bears a marked resemblance to the positions urged by groups and individuals who sought to amend RICO without success in the 1990s. Both Robert Blakey and the ACLU raised the civil rights analogy when testifying before Congress in support of proposals to restrict the scope of
extortion. Blakey also testified specifically and at some length about the need for an amendment to separate extortion from coercion, invoking the Hobbs Act definition and its roots in New York law. Moreover, the Court’s restrictive interpretation in 2003 was by no means self-evident. As Justice Stevens noted in dissent, circuit courts had regularly held that using force or violence to attempt to compel a victim to abandon its business operations qualified as extortion under the Hobbs Act and RICO, and the executive branch fully supported this position.

Four years after Scheidler II, the Court reinforced its confining approach to extortion in Wilkie v. Robbins. In Wilkie, the U.S. Bureau of Land Management (BLM) had allegedly engaged in a campaign of administrative harassment and intimidation in an effort to force a Wyoming rancher (Robbins) to re-grant an easement that had been previously conferred by his predecessor. Robbins brought suit against various BLM officials, under RICO alleging extortion and also under the Fifth Amendment. The lower courts declined motions to dismiss both claims, but the Supreme Court reversed.

Writing for a unanimous Court on the RICO claims, Justice Souter held that the Hobbs Act has no application when the federal government is the intended beneficiary of allegedly extortionate conduct. The Court recognized that at common law the crime of extortion was aimed at public officials. That offense, however, had addressed the harm of “public corruption, by the sale of public favors for private gain,” not injuries resulting from “overzealous efforts to

198 See 1998 House Hearing, supra note 157, at 26 (Blakey); 109-10 (ACLU). See also n.169 supra (discussing proposed 1990 amendment supported by ACLU).
199 See 1998 House Hearing at 26, 36-40.
200 See 537 U.S. at 415-16 (Stevens, J., dissenting); id. at 401 (discussing Solicitor General’s amicus brief).
202 See id. at 541-48.
203 See id. at 548-50.
204 See id. at 563.
obtain property on behalf of the Government.” The Court then rejected the separate RICO claim brought under a state blackmail statute, relying on Scheidler II’s holding that conduct not “capable of being generically classified as extortionate” cannot survive on a theory of being derived from state law.

The Court also rejected Robbins’ Fifth Amendment claim, which alleged that he had been vindictively retaliated against by BLM officials for refusing to grant an easement. Writing for seven members, Justice Souter addressed the lawfulness of the federal government’s regulatory harassment campaign, a course of conduct in important respects analogous to union comprehensive campaigns.

Justice Souter acknowledged that BLM officials’ coordinated effort to pressure Robbins through a series of agency actions and lawsuits over a period of six years had the capacity to “deplete[] the spirit along with the purse.” Accordingly, the government’s course of dealing warranted analysis and review as a whole rather than simply the sum of its parts. The majority concluded, however, that this campaign of regulatory harassment, undertaken to further the legitimate purpose of securing access to a neighbor’s land, was a lawful form of hard bargaining aimed at improving the federal government’s negotiating position.

\[\text{\footnotesize\textsuperscript{205}}\] Id. at 564. Justice Souter added that while the Hobbs Act had expanded the common law offense to include private actors, Congress had “retained the core idea of extortion as a species of corruption, akin to bribery.” Id. at 564 n.12. The majority noted an earlier decision applying the Hobbs Act to a union’s use of violence and threats in order to secure jobs and pay for its members, where the Court had stated that extortion did not require the person obtaining property to receive direct benefits. See id. at 566, discussing United States v. Green, 350 U.S. 415, 420 (1956). It did not follow, however, that the Hobbs Act or RICO were meant to apply to public officials in the absence of such direct benefits. To hold otherwise could well allow the fear of civil claims for treble damages to “take the starch out of regulators who are supposed to bargain and press demands vigorously on behalf of the Government and the public.” Id. at 567.

\[\text{\footnotesize\textsuperscript{206}}\] See id at 567.
\[\text{\footnotesize\textsuperscript{207}}\] See id. at 555-62.
\[\text{\footnotesize\textsuperscript{208}}\] See id. at 555.
\[\text{\footnotesize\textsuperscript{209}}\] See id. at 557-58, Justices Ginsburg and Stevens dissented from this holding; on their view of the facts, viewed most favorably to Robbins on a motion to dismiss, the pattern of severe and pervasive government harassment went beyond hard bargaining to something like “the armed thug’s demand: ‘Your money or your life.’” Id. at 568-69, 581 n.7.
The Court recognized that a few instances of coercive government conduct alleged by Robbins could, if proven, constitute unlawful behavior going beyond hard bargaining. But the great majority of allegations involved activities that fell within the government’s legitimate enforcement power.\(^\text{210}\) For the Court, the lawfulness of a “hard bargaining” campaign like this one does not depend on the government’s having a spiteful or malicious motive. Rather, what transforms a campaign of hard bargaining into one of unlawful retaliation is that “the antagonistic acts by the officials extend beyond the scope of the acceptable means for accomplishing the legitimate purpose…[t]hey are ‘too much.’”\(^\text{211}\) In this instance, where at most a small handful of government actions over six years extended beyond acceptable means, there was no cognizable Fifth Amendment claim. To allow such a claim based on the undue zeal of government employees in exercising lawful enforcement powers would “invite an onslaught” of such lawsuits thereby undermining overall government enforcement.\(^\text{212}\)

The Court’s decisions in *Reves, Scheidler II*, and *Wilkie*, limiting the applicability of civil RICO, contrast sharply with the earlier expansive majority opinions in *Sedima* and its progeny. These narrowing constructions are especially interesting given the intervening RICO developments in Congress. The failure to override *Sedima* or otherwise to limit the scope of civil RICO despite prolonged and serious efforts suggests Congress was prepared, however reluctantly, to tolerate RICO’s intrusion into a range of garden variety private business disputes. The failure to enact specific statutory amendments narrowing “conduct or participate” under section 1962 or limiting “extortion” under section 1961 reinforces this perception. The Court, however, was undeterred by these rejected congressional proposals. In *Reves* and *Scheidler II*, it construed the unamended RICO provisions in ways that effectively adopted restrictions

\(^\text{210}\) See id. at 559-60.  
\(^\text{211}\) Id. at 558-59 n.10.  
\(^\text{212}\) Id. at 562.
comparable to what Congress had failed to enact. In each case, the Court did so without even mentioning Congress’s unsuccessful efforts. On what basis might the Court simply have ignored this rather high profile legislative inaction?

C. Disregarding Rejected Congressional Proposals

There is an ongoing debate among judges and legal scholars about whether to attribute meaning to congressional silence.\textsuperscript{213} The strand of legislative inaction doctrine arguably relevant here is the Rejected Proposal Rule. When a conference committee, a chamber of Congress, or a standing committee has failed to approve certain language proposed to amend a statute, the Court often refuses to construe the statute along the lines of the unenacted proposal.\textsuperscript{214}

Often is by no means always, however. Professor William Eskridge has identified numerous cases where the Court refuses to attribute significance to the fact a proposal has been rejected,\textsuperscript{215} and he maintains that when doing so the Justices tend to emphasize how the rejected proposal differs materially from the issue litigated before the Court.\textsuperscript{216}

This factor may help explain the approach in \textit{Scheidler II}. The legislative proposals reported out of committee in 1990 and addressed during committee hearings in 1998 would have excluded from RICO’s definition of “racketeering activities” all forms of nonviolent public


\textsuperscript{215}See id. at 134-37 (listing 14 Supreme Court decisions inferring no significance from inaction by a standing committee, and 14 Supreme Court decisions inferring no significance from inaction on floor of one chamber).

\textsuperscript{216}See \textit{id}. at 87-88 (examining two illustrative Court decisions).
speech undertaken for non-economic reasons, or would have excluded from civil RICO coverage any racketeering activity comprised of acts or threats involving extortion. The question before the Court in Scheidler II involved the meaning of extortion as separately defined under the Hobbs Act—whether the right to pursue certain individual or business activities was “property” that had been “obtained” by clinic protesters under that statute. There also are differences between the issue litigated in Reves and the relevant unsuccessful congressional proposals, although the differences there seem less stark.

Still it is somewhat puzzling that the Court in Reves and Scheidler II never even alludes to Congress’s failed efforts to narrow the scope of the RICO text it is called upon to interpret. Given the Justices’ general level of interest in attempts to revise RICO, and the extended debates that took place in committees on these particular matters, Congress’s record of inaction on RICO reform might have warranted some mention.

The Court’s silence regarding rejected proposals in Congress may well reflect a combination of influences at work. First, the parties’ briefs submitted to the Justices made virtually no mention of Congress’s failed efforts with respect to the meaning of section 1962(c)

218 See H.R. 4245 §3, 105th Cong., 1998 (discussed at 1998 House Hearing, supra note 157 at 5-10). An additional bill introduced in the 105th Congress focused on the “obtaining of property” issue later decided by the Court in Scheidler II, but no hearings were ever held related to this bill. See S. 2614, § 2, 105th Cong. 1998 (defining extortion for RICO purposes to require a taking of tangible or intangible property).
219 Compare Reves, 507 U.S. 170, 176-177 (explaining grant of certiorari to resolve circuit court split over whether § 1962 (c) requires proof that RICO defendant has participated in the operation or management of the enterprise) with H.R. 1717 §3, 102nd Cong. 1991 (proposing to amend § 1964 (c) to require that RICO defendant be a “major participant” in the criminal conduct responsible for plaintiff’s injury) and sources cited at notes 167-168, supra (proposing, on behalf of AFL-CIO and ABA, that § 1962 (c) be amended to require that civil RICO defendant exercise some supervisory or policymaking powers over the affairs of the enterprise).
220 See, e.g., Rehnquist speech, discussed at text accompanying note 147 supra; majority opinion in Northwestern Bell, noting Congress’s inaction in four years since Sedima, discussed in text accompanying note 107, supra; majority opinion in Sedima, inviting Congress to correct Court’s expansive interpretation, discussed in text accompanying note 100, supra.
in *Reves* or the “obtaining property” issue in *Scheidler II*. These failures involved proposals to modify or override lower court constructions of the 1970 RICO text rather than Supreme Court interpretations. The parties evidently decided that resolving tensions among various lower court rulings did not call for any weight to be assigned to what was merely committee commentary on those rulings. Additionally, some Justices are strongly opposed to relying on congressional inaction for any reason. Justice Scalia has expressed this view in unequivocal terms, and Justice Kennedy seems similarly inclined.

In the end, though, the Court did more than simply ignore Congress’s inaction. The decisions in *Reves* and *Scheidler II* are consistent with constraints unsuccessfully pursued by Congress, and these legislative efforts may well have encouraged the Justices to revisit their prior hands-off approach. By the 1990s, a number of Justices had expressed a visceral discomfort with civil RICO’s profound effect on private litigation and its federalization of areas formerly reserved to state common law. The Court could have curtailed the initial flood of

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221 The parties in *Reves* did not advance any Rejected Proposal arguments in their main briefs. See Brief for Petitioners, 1992 WL511960 (U.S.) (making no references to legislative history); Brief for Respondent, 1992 WL511962 (U.S.) at 23-24 (relying only on 1970 legislative history). *But cf.* Reply Brief for Petitioners 1992 WL511963 (U.S.) at 9 (relying briefly on Congress’s failure to enact a specific “auditors’ exemption” in 1985 and 1987 to support its argument against judicial creation of such an exemption). In *Scheidler II*, Petitioner Operation Rescue invoked the 1998 House Hearing testimony but only to illustrate its argument about the risk of RICO being used against civil rights protesters. See Brief for Petitioner Operation Rescue, 2002 WL1595509 (U.S.) at 27. Respondents would have been the logical party to invoke a congressional inaction argument based on the unsuccessful 1998 House proposal, but they did not do so. Indeed, when petitioners made their own legislative inaction argument, relying on the House’s failure to vote on a 1972 Senate amendment related to a separate issue in the case, respondent dismissed the argument as based on “particularly unreliable forms of supposed legislative history.” Brief for Respondents, 2002 WL31154781 (U.S.) at 45.

222 See *Reves v. Ernst & Young*, *supra*, 507 U.S. at 176-177 (discussing circuit court split); note 170, *supra* (listing several circuit court decisions that affirmed findings of extortion by anti-abortion advocacy groups).

223 See James J. Brudney *Congressional Commentary on Judicial Interpretation of Statutes: Idle Chatter or Telling Response?* 93 Mich. L. Rev. 1, 66-68, 95-97 (1994) (discussing unreliability of committee report commentary disapproving judicial interpretation with respect to a textual provision that is not being “corrected” or modified).


226 See, e.g., *Northwestern Bell*, *supra* note 104, 492 U.S. at 255 (Scalia, J., concurring for himself, Rehnquist, Kennedy, O’Connor); text accompanying note 147, *supra* (describing Rehnquist speech urging RICO reform)
RICO civil actions back in the 1980s, but a bare majority in Sedima concluded they were estopped from doing so by the text Congress had enacted. Subsequently, however, the Justices apparently determined that their decisions should foreclose additional expansions of RICO’s scope, just as their recent decision in Wilkie v. Robbins foreclosed an analogous constitutional cause of action to avoid opening new floodgates.227

Regardless of whether these second generation decisions reflect primarily an abiding concern over the further expansion of civil RICO or a more conventional doctrinal analysis, the Court in effect decided that congressional gridlock was evidence of an inability to resolve widely perceived problems. Having discounted Congress’s failure to enact RICO reform, the Court has signaled a willingness to exercise its own constraints when interpreting the language and concepts of civil RICO. That willingness helps to frame and guide an appropriate solution for the extortion cause of action at issue.

III. RICO, UNIONS, AND EXTORTIONATE CONDUCT

A. Key Definitional Questions Regarding Extortion under the Hobbs Act

Initially, it is important to recognize that federal labor law legitimates and indeed protects what might in ordinary meaning terms be thought of as extortionate activity. Section seven of the NLRA establishes that employees working with unions have rights to organize and to bargain collectively with their employer. They also have the right, in broader terms, “to engage in other concerted activities for the purpose of…mutual aid or protection.”228 These lawful concerted activities can extend well beyond the immediate employer-employee relationship,229 and lawful

227 See Part III.B.2 infra (discussing Wilkie).
229 See Eastex, Inc. v. NLRB, 437 U.S. 556, 565 (1978) (holding that “mutual aid and protection” clause protects employee efforts to “improve their lot as employees through channels outside the employer-employee relationship”); Compuware Corp. v. NLRB, 134 F.3d 1285 (6th Cir. 1998) (protecting employees’ complaints to their employer’s clients about working conditions). See generally Hasbrouck v. Sheet Metal Workers Local 232, 586 F.2d 691, 694
conduct outside that relationship is often part of a tough bargaining strategy to impose economic pressure on a business.

Activities such as rallies, protests, staged media events, and also appeals to agencies, legislatures, or courts, are undertaken with the aim of instilling a fear of economic loss that will encourage management to reach an agreement with the union. As discussed in Part IIIB, constitutional protections may arguably attach to this range of activities when engaged in by any group, not just unions. In addition, however, the NLRA accords special statutory protection when it is workers and unions who undertake such activities to advance their cause. In seeking to reconcile federal labor law with RICO, the key issue is what distinguishes this type of hard bargaining by unions from extortion as defined under the Hobbs Act, which is the indictable offense specified in RICO.

1. Is the Employer’s Property Obtained?

As discussed in Part I above, union comprehensive campaigns typically have either organizing-related or bargaining-related objectives. The union seeks a neutrality agreement and/or card check recognition in the organizing setting, and it is pursuing an initial or renewed collective bargaining agreement in the post-recognition context. These campaigns aim to compel the employer to enter into some kind of agreement with the union. The campaigns clearly are coercive in attempting to restrict the employer’s freedom of action. But are they also extortionate as contemplated in Scheidler II? Do the union or employees receive something of value from the employer—property that the union can “exercise, transfer, or sell”?231

n.3 (9th Cir. 1978) (observing that definition of a labor dispute under NLRA is very broad, and “rarely have courts found concerted activity to fall outside this broad definition”).

230 See text accompanying notes 25-48 supra.
231 537 U.S. at 405.
Applying the analysis under *Scheidler II*, one can see the argument that the union’s campaign interferes with an employer’s intangible property rights but the union does not *acquire* any such property. A comprehensive campaign is an attempt to deprive the employer of its rights to exercise exclusive control over its business assets. The employer is being pressured to restrict or abandon its right to control the nature of the union recognition process covering its own employees, or the right to refuse to engage in collective bargaining with the union. The employer also is denied its right to do business with its customers free from repeated verbal attacks on its goodwill and reputation. These rights may qualify as intangible property rights, and the campaign surely represents an effort to coerce the employer into diminished exercise of those property rights. As in *Scheidler II*, however, the perpetrators of this barrage of criticism are not attempting to *obtain* the property rights that are the object of their coercive campaign. Unions do not seek to exercise for themselves, or to sell or transfer, the employer’s right to refuse to enter into a neutrality agreement, or to oppose card check recognition or collective bargaining.

Admittedly, there is a difference between the anti-abortion protesters in *Scheidler II*, whose “ultimate goal [was] shutting down a clinic that performed abortions,” and the union protesters in a comprehensive campaign, whose ultimate goal typically involves not an employer’s shutdown but rather its continued operation under economic terms and conditions.

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233 Congress has overridden one Supreme Court decision holding that deprivations of “property” under the mail fraud statute did not include deprivations of an intangible right to honest services. See Pub. L. No. 100-690, § 7603(a), 102 Stat. 4181, 4508 (1988), codified at 18 U.S.C. § 1346 (2006). But cf. Cleveland v. United States, 531 U.S. 12, 19-20 (2000) (stating that Congress’s override of *McNally* decision did not resolve questions about whether forms of public corruption other than the public’s right to honest services may qualify as property rights under mail fraud statute). The Court in *Scheidler II* was careful to avoid overturning the Second Circuit’s conclusion that intangible rights may qualify as property under the Hobbs Act. See 537 U.S. at 402 n.6 (declining to reach, much less reject, holding in United States v. Tropiano, 418 F.2d 1068, 1076 (1969)).

234 537 U.S. at 405 (internal quotations omitted).
more favorable to the employees.\textsuperscript{235} The fact that union campaigns aim to secure economic adjustments for “their side” in the context of an ongoing business relationship makes the issue of whether property is being acquired seem more complex.

Even with respect to less tangible property rights, there may be room for debate. One lower court has distinguished \textit{Scheidler II} in a labor setting, holding that individuals active in organized crime obtained certain intangible property rights when they exercised those rights for their own ends. In \textit{United States v. Gotti},\textsuperscript{236} the Second Circuit affirmed the extortion conviction of union officials and others who had sought to exercise for themselves the statutory rights of union members to free speech and democratic participation in union affairs. The evidence was that defendants had directed delegates to vote for particular leadership candidates and had controlled elected officials’ performance of their jobs—all in a way that yielded personal financial gains for the defendants.\textsuperscript{237} The \textit{Gotti} court concluded this satisfied the “exercise, transfer, or sell” test under \textit{Scheidler II}, adding that analogously culpable conduct by anti-abortion protesters might include forcing clinic staff to provide entirely new kinds of medical services or to turn all operations over to the protesters.\textsuperscript{238}

Nonetheless, unions in comprehensive campaigns are not exercising or attempting to exercise that kind of control. The analogy between union goals and the clinic protesters’ goals in \textit{Scheidler II} is especially clear with respect to neutrality and card check agreements. These agreements do not seek to control employers’ economic assets or employees’ less tangible rights

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\textsuperscript{235} In exceptional cases, a union campaign may seek to drive a corporate target out of business in the hope that the union will have a better chance to reach agreement with the target’s purchaser or successor \textit{cf.} S. Rep. No. 102-111 at 22 (1991) (describing how once employer hires permanent replacements during a strike, union may feel compelled to work toward displacement of current management or sale of firm). A union campaign aimed at forcing the company out of business may be deemed to have an illegitimate or wrongful purpose. \textit{See} Texas Air Corp. v. ALPA, 1989 WL 146414 (S.D. Fla. 1989) (discussed infra at note 261 and accompanying text).
\textsuperscript{236} 459 F.3d 296, 325 (2d Cir. 2006). \textit{See also} United States v. Peter Gotti et al., (E.D.N.Y. 2002) (indictment at paragraphs 11-16, listing and identifying defendants).
\textsuperscript{237} \textit{See id.}
\textsuperscript{238} \textit{See id.} at 324-25.
of participation: they simply establish a process or ground rules under which the union can then make its sales pitch to the employees. Unlike in Gotti, the union does not acquire or effectively exercise the employees’ right to choose or reject union representation; it is the employees themselves who must still decide whether to select the union as their bargaining representative.

In contrast to neutrality and card check, traditional property assets are more directly at stake in a collective bargaining agreement. The union typically seeks to extract pay increases, health benefits, and other improvements in working conditions that have a tangible economic value. Yet even when the campaign’s goal is an initial or renewed collective bargaining agreement, the union is not seeking to acquire something of value to be exercised for its benefit as contemplated under Scheidler II or Gotti. A collective bargaining relationship offers elements of value to both the employer and the employees. In this respect, it differs from a competitor’s business asset that is subject to appropriation for the financial profit of the union or its leaders. Rather than being regarded in suspect terms, collective bargaining agreements are viewed under federal law as presumptively iconic. In addition to offering distinct benefits to firms and workers, these agreements promote the congressionally approved public policy objectives of labor relations stability and peace.

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239 See Adcock v. Freightliner LLC, 550 F.3d 369, 374 (4th Cir. 2008).
240 Cf. text accompanying notes 31-32 supra (Jarley & Maranto findings that organizing-related campaigns do not guarantee union success even if neutrality or card check agreement is reached, and employers understand that).
241 See Roman Restoration Inc., note 132 supra.
242 See RICHARD B. FREEMAN & JAMES MEDOFF, WHAT DO UNIONS DO? 7-22 (1984) (reporting that unions raise wages and fringe benefits for workers and diminish wage inequality within unionized workforce; unions also reduce employee quit rates, improve workforce stability, and in many economic sectors they improve productivity due to lower rates of turnover, enhanced managerial performance in response to the union challenge, and more cooperative labor-management relations at the plant or office level).
243 Cf. Dooley v. Crab Boat Owners Assn., 271 F.Supp. 2d 1207, 1213-14 (N.D. Cal. 2003) (holding that allegations of extortion under RICO survived motion to dismiss where crab boat owners competing with plaintiff sought through various coercive activities to gain control of plaintiff’s right to harvest crab during crab season).
244 See 29 U.S.C. § 151 (purpose statement). This iconic perspective may relate more to whether a property transfer is wrongful than to whether a transfer of tangible property is taking place. See infra at III.A.2. But see Interstate
That so many employers choose to resist reaching either neutrality and card check agreements or collective bargaining agreements indicates resistance is highly prized by the business community. Still, it is not easy to envision how the union obtains this right to resist in the way such acquisition has been understood under the Hobbs Act. But assuming *arguendo* that unions in comprehensive campaigns are somehow seeking to obtain an employer’s right to refuse to reach an agreement, the next question is what exactly is the basis for that employer right?

2. *Is the Employer Wrongfully Induced by Fear of Economic Loss?*

Just as *Scheidler II* provides the clearest insights into the meaning of “obtain property,” the Court’s earlier decision in *United States v. Enmons*[^245] establishes the framework for analyzing whether a union’s use of violence, force, or fear is “wrongful” under the Hobbs Act. *Enmons* involved the use of force and violence during a lawful strike that resulted in damage to company property. The Court held that while “wrongful” seems to modify an extortionist’s three main identified *methods* of obtaining property (violence, force, fear), the term must mean something else. A reference to “wrongful violence” or “wrongful force” would be redundant inasmuch as the use of violence or force to obtain another’s property is inherently wrongful.[^246] Instead, the Court reasoned, “wrongful” covers only situations in which “the obtaining of the property would itself be ‘wrongful’ because the alleged extortionist has no lawful claim to the property.”[^247]

Applying this ends-oriented construction of “wrongful,” the *Enmons* Court held that violence in support of a lawful strike can not qualify as Hobbs Act extortion although it may well constitute a state criminal offense.[^248] The Court’s understanding of legitimate labor ends

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[^246]: *See id.* at 399-400.
[^247]: *Id.* at 400 (emphasis added).
[^248]: *See id.* at 411-12.
included not only the effort in *Enmons* to secure a new collective bargaining agreement

providing already-represented employees with higher wages, but also efforts to organize a group

of employees in support of union representation.\(^{249}\) By contrast, threats of force or violence to

promote an unlawful labor objective—such as personal payoffs to union officials or wage

payments for superfluous or unwanted services—are actionable under the federal statute.\(^{250}\) The

majority opinion invoked decades of circuit court precedent to support its conclusion that the Act
does not prohibit the use of force to achieve legitimate labor objectives.\(^{251}\)

The *Enmons* holding applies *a fortiori* to property obtained through fear of economic

injury, which unlike force or violence is not inherently suspect as a form of pressure.\(^{252}\) Since

*Enmons*, the lower courts have developed an approach to distinguishing lawful from wrongful

goals that covers all Hobbs Act allegations involving fear of economic loss, not simply

allegations growing out of a labor dispute. As the Third Circuit observed in a leading non-labor

case, “the fear of economic loss is a driving force of our economy that plays an important role in

many legitimate business transactions.”\(^{253}\) Accordingly, when one side to a business transaction

uses fear of financial loss as leverage to engage in hard bargaining, the Hobbs Act does not cover

such exploitative efforts so long as the exploiting party has a legitimate claim to the property.\(^{254}\)

At the same time, the so-called “claim of right” defense is negated when the alleged extortion

victim “has a pre-existing entitlement to pursue his business interests free of the fear he is

\(^{249}\) See id. at 398 (seeking new collective bargaining agreement), 406 n.16 (seeking to organize workers).

\(^{250}\) See id. at 400, 406.

\(^{251}\) See id. at 408-10.

\(^{252}\) The *Enmons* Court concluded that “wrongful” was meant to and did modify all three terms—force, violence, and

fear. See id. at 399 & n.2. The decision was controversial with some members of Congress insofar as it immunized

from Hobbs Act prosecution violent conduct in furtherance of legitimate union objectives. See, e.g. 127 Cong. Rec.

3407 (1981) (remarks of Sen. Thurmond accompanying introduction of S. 613, a bill to override *Enmons*); 128


*Enmons*). But the focus on wrongful purpose was widely accepted with respect to the presumptively lawful means


\(^{254}\) See id. at 523-24; United States v. Sturm, 870 F.2d 769, 773 (1st Cir. 1989); *Clemente*, supra, 640 F.2d at 1076-78.
quelling by receiving value in return for transferring property to the defendant.” 255 Put differently, what distinguishes lawful hard bargaining from wrongful Hobbs Act extortion is whether one party is entitled by law to be free from the economic fear being generated by the other party’s non-violent yet coercive pressure tactics. 256

In the context of labor relations, an employer has a right to be free from the fear caused by union campaign activities if the union’s conduct would be prohibited under relevant labor statutes. 257 Moreover, the scope of prohibited union conduct extends beyond what might be viewed as corrupt activity. Thus, it would be wrongful under the Hobbs Act to engage in labor picketing or other coercive tactics in an effort to secure a collective bargaining agreement for a union that is not authorized to represent a majority of employees. 258 Similarly, it would be problematic under the Hobbs Act for a union to demand that supervisors be included in a collective bargaining unit of non-supervisors given that the NLRA definition of “employee” excludes supervisory personnel. 259 Union pressures undertaken with the announced aim of forcing the employer to shut down entirely or to sell its business also might be deemed suspect under the Act. 260

On the other hand, if the union’s demands are in pursuit of a lawful labor relations objective under the NLRA, then an employer has no right to be free from the coercive economic

257 Although the NLRA is the labor statute under which these campaigns are most often assessed, union conduct or objectives could be evaluated under the Railway Labor Act, the Federal Labor Relations Act, and perhaps other labor-related laws as well.
pressure associated with those demands. Union objectives that are legitimate under the NLRA include the goal of negotiating a new or continuing collective bargaining agreement on behalf of employees who have authorized the union to represent them. The achievement of such an agreement setting terms and conditions of employment is in fact the ultimate objective Congress had in mind when enacting the NLRA.261

A union’s effort to secure a neutrality agreement in aid of organizing efforts also is plainly a lawful objective. The NLRA for over sixty years has promoted contractual arrangements between management and unions as conducive to labor peace.262 Respect for such arrangements, including employer agreements to refrain from objecting to a union or to recognize a union upon proof of majority support secured outside the NLRB elections context, have long been regarded as important contributors to stable labor relations.263 Neutrality agreements might raise issues of legitimacy if they were effectively a form of premature recognition stifling genuine employee choice.264 But the employees themselves are in no way bound by neutrality agreements—they remain free to express opposition to the union, and in fact a sizeable number continue to do so.265

261 See 29 U.S.C. § 151 (setting forth Act’s basic findings and purposes); §§ 158(a)(5), 158(b)(3), 158(d) (describing both sides’ duty to bargain in good faith in an effort to reach agreement).
262 Section 301 of the Taft-Hartley Act makes contracts between unions and employers enforceable in federal court. See Brudney, supra note 52, at 847 (discussing lawfulness of neutrality agreements in detail).
264 See ILGWU v. NLRB 366 U.S. 731, 736 (1961) (finding violation of section 8(a)(2) of Act, based on concern that employer granting exclusive representative status to a union supported by only a minority of employees provides “a deceptive cloak of authority with which [the union can] persuasively elicit additional employee support”).
265 See Adrienne E. Eaton & Jill Kriesky, Union Organizing Under Neutrality and Card Check Agreements, 55 INDUS. & LAB. REL. REV. 42, 53 (2001) (reporting unions lost one of five organizing campaigns in which they relied on neutrality and card check, and lost one-half of all campaigns involving neutrality agreements alone). Employees’ opposition may on occasion trigger hostility from the union or its supporters, but instances of improper pressure or reprisal can be fully addressed through existing Board procedures. See Brudney, supra note 52, at 848 n.134 (citing to Board and circuit court decisions).
Finally, the union objective of securing a voluntary card check arrangement, with or without a neutrality agreement, is entirely lawful under the NLRA. Non-electoral pathways to securing representative status have been approved under the NLRA since 1935.\(^{266}\) Although a “preferred” status is accorded to recognition via election, there are a number of circumstances in which a majority card showing is sufficient to require that employers bargain with their union.\(^{267}\) In addition, employers have always been permitted to enter voluntarily into a bargaining relationship with a union that possesses a card majority.\(^{268}\)

To be sure, employers also have rights under the NLRA. In particular, they have a right in the organizing setting to share with employees their opposition to having a union and also the right to demand an election rather than accede to a card check majority.\(^{269}\) And in a post-recognition context, employers have a right to reject in good faith any collective bargaining proposals put forward by the union.\(^{270}\) That employers enjoy these rights to resist union efforts at organizing or collective bargaining does not mean, however, that they have a right to be free from fears associated with union efforts to achieve their own legitimate labor objectives. Indeed, the effort to create a legal framework for addressing the conflicting objectives of unions and

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\(^{266}\) From 1935 to 1947, The Board was authorized to certify a union as a majority representative based simply on the showing of a card majority. Congress in 1947 restricted Board certification to NLRB election victories, but specified that employers remained obligated to recognize and bargain with a union designated by an employee majority even outside a Board election. See Brudney supra note 52, at 857.

\(^{267}\) The preferred status from certification includes a one year bar on elections, a bar that a successor employer must honor as well. See generally Gissel 395 U.S. at 600 n.17. Cards are sufficient, however, if unfair labor practices seriously disrupt the election process or if employers themselves collected “the evidence” through polls, interrogation, or third party card check. See Brudney, supra note 52, at 858.

\(^{268}\) See generally NLRB v. Bradford Dyeing Assn, 310 U.S. 318 (1940); Franks Bros. v. NLRB, 321 U.S. 702 (1944). Section 9(a)’s provision that members may be “designated or selected” (emphasis added) by a majority of employees contemplates that employers and employees may agree to enter into a collective bargaining relationship without waiting for a Board-supervised election. See NLRB v. Gissel Packing Co., 395 U.S. 575, 597-98 (1969).

\(^{269}\) See 29 U.S.C. § 158(c) (protecting employer speech that does not include promises or threats) Livingston Shirt, 107 NLRB 400 (1953) (approving captive audience speeches), Linden Lumber Div. v. NLRB, 419 U.S. 301 (1974) (approving employer right to demand an election without evidence of good faith doubt as to liability of union’s card majority).

\(^{270}\) See 29 U.S.C. § 158(d) (duty of good faith does not include obligation to reach agreement); H.K. Porter Co. v. NLRB, 397 U.S. 99 (1970) (penalty for bad faith does not include compelled agreement to terms or conditions).
employers is what gave rise to the fundamental national policy of the NLRA—deferring to labor-management bargains reached on the basis of each side’s ability to exert economic pressure on the other. Accordingly, it is not surprising that both the Labor Board and the appellate courts have upheld the basic lawfulness of neutrality agreements with or without card check provisions.  

B. Additional Questions Involving Union Activities as Potentially Extortionate

1. Are the Union’s Key Campaign Tactics Constitutionally Protected?

For the reasons just presented, Hobbs Act extortion would seem not to encompass union efforts to coerce employers into signing a neutrality, card check, or collective bargaining agreement. These union efforts do not amount to the obtaining of property, and the union’s objectives also are not wrongful—on the contrary they are a central part of the federal labor law enterprise. Beyond this, there remains the question whether unions’ prototypical comprehensive campaign methods may be regarded as actionable under the Hobbs Act and RICO. This question of wrongful means in turn implicates First Amendment considerations on which the Supreme Court has offered substantial guidance. With respect to two types of activities that form the core of union comprehensive campaigns—sharing disparaging information with neutral third parties and petitioning government for redress—the Court’s decisions suggest that the First Amendment presents a formidable barrier to civil RICO claims for extortion.

(a) Negative publicity efforts. Looking first at a union’s publicity activities, the Court in its 1988 DeBartolo decision held that a union may lawfully undertake an informational campaign criticizing an employer’s business practices and urging consumers and other neutral

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271 See generally Dana Corporation, 351 NLRB 434 (2007); Adcock v. Freightliner LLC, 550 F.3d 369, 374-76 (4th Cir. 2008); Hotel Employees & Restaurant Employees Local 57 v. Sage Hospitality Resources, 390 F.3d 206, 219 (3d Cir. 2006).

parties to stay away.\textsuperscript{273} \textit{DeBartolo} involved the union’s effort to generate a consumer boycott at a shopping mall where one tenant allegedly paid substandard wages and benefits. The NLRA prohibits unions from using picketers to threaten or coerce third parties into boycotting an employer’s business.\textsuperscript{274} The Court, however, voiced serious doubts that this prohibition would be constitutional if applied to handbilling or other forms of disparaging expression unaccompanied by the inherently threatening presence of picketers.\textsuperscript{275} In order to avoid such First Amendment problems, the Court held that unions may appeal to customers or other third parties to boycott the company, using essentially any form of expressive communication besides physical picketing.\textsuperscript{276}

\textit{DeBartolo}’s constitutionally-influenced construction of the NLRA provides unions with protection comparable to what civil rights organizations and other advocacy groups enjoy when using social pressure or the threat of social ostracism to alter business behavior.\textsuperscript{277} More recently, one court of appeals expressed similar constitutional motivations when considering a union’s campaign of public disparagement that involved organizing-related objectives.\textsuperscript{278} The union had engaged in a series of negative publicity activities, aimed at pressuring a third party business to help the union secure a neutrality and card check agreement with one of the business’s major contractors.\textsuperscript{279} This campaign of leaflets, rallies, and other public criticism—directed at the third party’s board of directors as well as its donors and patrons—clearly involved

\begin{footnotesize}
\textsuperscript{273} See id. at 575-80.
\textsuperscript{274} See id. at 578 (discussing 29 U.S.C. § 158(b)(4)).
\textsuperscript{275} See id. at 579-80 (explaining that picketing, as ‘a mixture of conduct and communication’, is qualitatively different from other modes of communication) (internal citations omitted).
\textsuperscript{276} See id. at 580-83.
\textsuperscript{278} Metropolitan Opera Assn., Inc. v. Local 100 HERE 239 F.3d 172 (2d Cir. 2001).
\textsuperscript{279} See id. at 174-75.
\end{footnotesize}
harassing forms of communication intended to coerce the third party neutral into action. But the Second Circuit concluded that “unless we are to depart from settled First Amendment principles, the [activities] are constitutionally protected.”

Such constitutionally influenced protection does not automatically extend to unions’ disparaging communications when they are expressed in a form other than picketing. The Supreme Court has held that the content of union speech may be actionable under state defamation or libel law if the negative publicity directed toward an employer is shown to be knowingly or recklessly false and to cause actual damage. At the same time, the Court has made clear that this state law cause of action based on knowing or reckless falsehoods is to be narrowly drawn, because federal labor policy protects freedom of speech quite apart from First Amendment considerations. In this regard, the Court has observed that labor disputes are “ordinarily heated affairs” and that union campaigns regularly fall short of being actionable under state libel law even when they are “characterized by bitter and extreme charges,…unfounded rumors, vituperations… misrepresentations and distortions.”

The Court’s cautious approach to state law civil actions restricting union speech based on content parallels its announced reluctance to outlaw any union speech under the NLRA unless the speech is joined to some form of physical intimidation. Accordingly, efforts to penalize a

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280 See id. (describing activities such as chanting and distributing pamphlets at rallies in front of main business entrance; sending letters to business’s directors and donors; and asking donors to discontinue their contributions); id. at 177 (noting lower court finding that union acted with coercive motive).

281 Id. at 178. See also Beverly Hills Foodland Inc. v. UFCW Local 655, 39 F.3d 191, 195-97 (9th Cir. 1994) (upholding dismissal of employer’s state law challenge to union negative publicity campaign).


284 Linn, supra at 58, quoted with approval in Austin, 418 U.S. at 272.
union’s negative publicity efforts under the Hobbs Act—even if those efforts are vituperative or distortive—would likely not survive constitutional scrutiny.285

(b) Efforts to petition the three branches. Union comprehensive campaigns almost invariably include efforts to obtain some form of government action against the employer. A union may lobby for local, state, or federal legislation that would restrict or harm the employer’s business interests; it may pressure agency officials to apply or enforce regulatory requirements against the employer; and it may initiate lawsuits against the employer on matters directly or indirectly related to employment conditions. The right to petition government is expressly protected in the First Amendment, and the Supreme Court has long been clear that it will not “lightly impute to Congress an intent to invade” this right.286

Through a series of antitrust decisions, the Court construed the Sherman Act to avoid impinging on one business entity’s ability to invoke governmental processes against a competitor. In its Noerr decision, the Court held that concerted efforts by an association of railroads to influence the passage and enforcement of laws harmful to the trucking industry did not give rise to a violation of the antitrust laws.287 Even if the sole purpose of such a lobbying campaign were to destroy a competitor’s business, the right to petition government is not at all a function of the petitioners’ anti-competitive motives.288 In construing the Act to avoid burdening the lobbying activities of economically self-interested parties, the Court explained that its position also furthered governmental objectives because those with a financial interest in a public policy issue are often valuable sources of information.289

285 Justices Souter and Kennedy alluded to the possibility of dismissing RICO extortion claims on this First Amendment basis. See text accompanying notes 121-122 supra (discussing concurring opinion in the first Scheidler case, 510 U.S. at 264).
287 See id. at 136.
288 See id. at 139-40.
289 See id. at 139.
Since *Noerr*, the Court has reiterated its commitment to interpreting federal statutes so as to shield private parties’ attempts to influence public officials in different venues. In *Mine Workers v. Pennington*, the Court held that efforts by the union and mine operators to pressure two federal agencies into regulatory actions that would raise employees’ wage levels were not illegal under antitrust law, either on their own or as part of a broader anti-competitive scheme. Once again the Court specified that even though restraint of trade was an intended consequence of government intervention, the joint efforts to influence public officials were not themselves illegal. Then in *California Motor Transport v. Trucking Unlimited*, the Court extended the *Noerr-Pennington* doctrine of immunity from antitrust liability to the filing of lawsuits in state or federal court. And in *BE&K Construction v. NLRB*, the Court applied *Noerr-Pennington* principles in the federal labor law setting, holding that an employer is substantially protected from NLRA liability for its retaliatory and unsuccessful litigation against a union.

The Court’s use of the constitutional avoidance canon to shelter petitioning conduct from federal regulation does not mean that private parties are entirely immune from statutory liability when they petition government. The majority in *Noerr* identified the possibility of a “sham exception” had the railroads not been making a genuine effort to influence legislation and law enforcement practices. Subsequently, the Court has elaborated on the meaning of sham petitioning in the litigation context. It remains the case that a plaintiff’s subjective intent to interfere with a defendant’s competitive position (or with its exercise of statutory rights) through

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290 381 U.S. 657 (1965).
291 See id. at 669-72.
292 See id. at 670.
293 404 U.S. 508 (1972).
294 See id. at 510. See also *Professional Real Estate Investors, Inc. v. Columbia Pictures Indus.* 508 U.S. 49 (1993).
297 See 365 U.S. at 144.
litigation is not sufficient to abrogate Noerr-Pennington immunity.\textsuperscript{298} Rather, a sham lawsuit must be not only subjectively retaliatory but also “objectively baseless in the sense that no realistic litigant could reasonably expect success on the merits.”\textsuperscript{299} Circuit courts applying this sham litigation standard have been generally unwilling to find objective baselessness, invoking the First Amendment foundations of Noerr-Pennington.\textsuperscript{300}

Further, a number of circuits have accorded broad protection to petitioning conduct when construing other federal statutes.\textsuperscript{301} Importantly, the Ninth Circuit recently relied on Noerr-Pennington to guide its interpretive approach in a civil RICO action. Sosa v. Direct TV Inc.\textsuperscript{302} involved over 100,000 pre-lawsuit demand letters sent by Direct TV. The letters alleged that Sosa and other purchasers of certain programming equipment had illegally accessed Direct TV’s satellite television signal, and they threatened civil lawsuits unless the purchasers forfeited their equipment to Direct TV and reached a monetary settlement.\textsuperscript{303} Sosa and many others settled the claims and then sued Direct TV alleging extortion under RICO.

The Ninth Circuit concluded that the RICO action burdened Direct TV’s ability to settle legal claims prior to filing a lawsuit, and that imposing such burdens on the transmission of pre-litigation demand letters would violate the Petition Clause of the First Amendment.\textsuperscript{304} In reaching this conclusion, the appellate court relied on the notion of First Amendment “breathing

\textsuperscript{298} See Columbia Pictures, Inc. 508 U.S. at 60-61 (safeguarding petitioning conduct that attempts to interfere with competitive position); BE&K Constr. 536 U.S. at 530-31 (safeguarding petitioning conduct that attempts to interfere with statutory rights under NLRA).

\textsuperscript{299} Columbia Pictures, supra, 508 U.S. at 60-61.

\textsuperscript{300} See, e.g., Bayou Fleet, Inc. v. Alexander, 234 F.3d 852, 861-62 (5th Cir. 2000); White v. Lee, 227 F.3d 1214, 1231-32 (9th Cir. 2000); Cheminor Drugs, Ltd. v. Ethyl Corp. 168 F.3d 119, 123 (3d Cir 1999).


\textsuperscript{302} 437 F.3d 923 (9th Cir. 2006).

\textsuperscript{303} See id. at 925-26.

\textsuperscript{304} See id. at 932-33.
space” derived from earlier Supreme Court free speech cases and extended to the Petition Clause setting in the Court’s \textit{BE&K} decision. The majority in \textit{BE&K} had suggested that even baseless lawsuits, like false statements, may deserve some protection from NLRA challenges so as not to chill potential litigants from bringing more meritorious cases to court. The Court then stressed that unsuccessful yet reasonably based suits actually advance First Amendment interests such as allowing the “public airing of disputed facts” and promoting the law’s evolution “by supporting the development of legal theories that may not gain acceptance the first time around.” Relying on these Supreme Court precedents, the Ninth Circuit in \textit{Sosa} determined there was also a close connection between pre-suit demand letters and access to the courts, and that the threat of a treble damages remedy with respect to such letters raised substantial Petition Clause concerns. The court went on to interpret RICO and the Hobbs Act as precluding the maintenance of an extortion action except in instances (unlike this one) where the pre-litigation demand letters amounted to a sham.

The upshot of the \textit{Noerr-Pennington} line of cases is that the Supreme Court, when confronted with a claim against a civil defendant that involves retaliatory lobbying or litigation, will construe federal antitrust and labor laws to avoid burdening the defendant’s right of access to courts, agencies, or legislatures. The Ninth Circuit’s extension of this constitutional avoidance approach to the RICO extortion setting is entirely consistent with the Court’s precedents.

\begin{itemize}
\item \text{305} See id. at 933-34 (citing New York Times Co. v. Sullivan, 376 U.S. 254, 279-80 (1964) and Gertz v. Robert Welch, Inc. 418 U.S. 323, 340-42 (1974)).
\item \text{306} See \textit{BE&K Constr. Co.} 536 U.S. at 531-32.
\item \text{307} See id. at 531.
\item \text{308} Id. at 532.
\item \text{309} \textit{Sosa}, 437 F.3d at 936-37.
\item \text{310} See id. at 942. See also Kearney v. Foley & Lardner, LLP, 582 F.3d 896, 902-07 (9th Cir. 2009) (applying \textit{Noerr-Pennington} doctrine to civil RICO action but finding that, in contrast to \textit{Sosa}, the sham exception applies); Menjivar v. Trophy Properties, 2006 WL 2884396 at *15-*16 (N.D. Cal. 2006) (following \textit{Sosa} in applying \textit{Noerr-Pennington} doctrine to RICO civil action). But cf. Warnock v. State Farm, 2008 WL 4594129 at *8 (S.D. Miss. 2006) (declining to follow \textit{Sosa}’s lead and apply \textit{Noerr-Pennington} to RICO action until directed to do so by Fifth Circuit).
\end{itemize}
Indeed, given its provisions for treble damages and attorney’s fees, RICO’s potential to chill petitioning conduct is at least equivalent to that of antitrust law and much stronger than the potential of the NLRA. And again, the protection accorded here is not unlimited—it does not extend to lawsuits that are objectively baseless.

2. Is the Union Campaign As a Whole Unlawful Even if Most of its Parts Are Not?

Assuming that most of the union’s complaints to courts and agencies are not objectively baseless, there remains the question whether a series of these legal actions, perhaps combined with a stream of negative publicity directed at the employer, may cumulatively be deemed unlawful as an extortionate abuse of governmental processes. The Supreme Court has hinted at such a possibility in its antitrust decisions discussing what constitutes sham petitioning. The Court at an early point suggested that a deluge of meritless claims effectively barring a competitor from its own access to an agency or court, or as part of an effort to put the competitor out of business, might not be immunized under Noerr-Pennington even if one or two meritless claims would be. The Court’s later “sham litigation” cases do not seem entirely consistent with this distinction, but the concept lingers that where an extended campaign of harassment is involved, the whole may exceed the sum of its parts.

311 The potential for a chilling effect is actually greater under RICO than antitrust, as the stigma of being labeled a “racketeer” has no analog in the antitrust setting. See note 137 and accompanying text.
312 This “objectively baseless” standard helps explain why employers’ filing of RICO extortion lawsuits should not be similarly protected. The issue for employers’ RICO claims is not whether the lawsuits are themselves violative of a federal statute (as was charged with respect to harassing lawsuits being evidence of antitrust violations or unfair labor practices). Rather, the issue is whether these employer lawsuits should survive a motion to dismiss. The arguments set forth in Part III are meant to demonstrate the employers’ claims are without foundation as a matter of law and therefore entirely dismissable.
313 See Calif. Motor Transport, supra, 404 U.S. at 511, 513, (majority opinion); id. at 518 (concurring opinion); Columbia Pictures, Inc., 508 U.S. at 60-61 (majority opinion); id. 70-73 (concurring opinion).
315 See Columbia Pictures Inc., 508 U.S. at 60-61 (discussing objective baselessness test for sham litigation without referencing differences between single and multiple or repetitive claims); BE&K, 536 U.S. at 529-32 (same). But cf. USS-Posco Industry v. Contra Costa City Building & Constr. Trades Council, 31 F.3d 800, 811 (9th Cir. 1994)
The Supreme Court recently addressed the issue of regulatory harassment in its *Wilkie v. Robbins* decision. As summarized in Part II, the plaintiff in *Wilkie* alleged that a coordinated campaign by federal officials, aimed at extorting from him an easement across his land, was a violation of RICO and an unconstitutional denial of due process. The agency officials’ campaign featured an extensive set of administrative actions and lawsuits—a form of regulatory harassment that closely parallels petitioning activities often pursued by unions in their campaigns. Justice Souter for the majority expressly recognized the need to examine the government’s course of dealing as a whole, on the theory that “death by a thousand cuts” might be actionable even if incidents considered individually would not be.

In that setting, the *Wilkie* majority emphasized two points that seem directly relevant to union campaigns. First, the Court’s approach to assessing the campaign as a whole was essentially to determine whether the bulk of the antagonistic actions engaged in by the government should be deemed “legitimate tactics designed to improve the Government’s negotiating position” or “illegal action plainly going beyond hard bargaining.” The majority’s application of this standard—concluding that the campaign involved predominantly actions falling within the government’s authorized enforcement powers—was hotly disputed by Justice Ginsburg in dissent. But regardless of how this approach plays out in particular cases, the Court’s announced standard focusing on the “predominant character” of a regulatory offensive

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(suggesting that *Columbia Pictures* test for sham litigation applies only for single instances while *California Motor Transport* approach applies if defendant is accused of bringing a sham series of legal actions). The Ninth Circuit went on to hold that where 15 of 29 assertedly meritless legal actions proved successful, this success rate precludes a finding of a sham litigation campaign. See *id.* The court’s focus on successful litigation is in some tension with the Supreme Court’s subsequent discussion of how a whole class of unsuccessful lawsuits will not be a sham so long as a substantial proportion of them involved genuine grievances. See *BE&K*, 536 U.S. at 532.

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317 See *id.* at 548-49; text accompanying notes 207-212 *supra*.

318 *Id.* at 555.

319 See *id.* at 557, 559-60.

indicates that a small number of illegal actions can not transform a prolonged campaign involving mostly lawful exercises of power into actionable government extortion.\textsuperscript{321} Similarly, a small handful of objectively baseless agency filings or several instances of violence during a protest should not be sufficient as a matter of law to taint an otherwise legitimate union campaign lasting months or years.\textsuperscript{322}

Second, the \textit{Wilkie} majority expressed deep concern about the negative consequences for government interests if federal regulators were exposed to causes of action for extortion arising out of their enforcement efforts.\textsuperscript{323} In refusing to recognize either a constitutional cause of action or a civil RICO action, the Court elaborated on the chilling effect that would accompany allowing such claims to survive dismissal.

“\textit{It is not just final judgments, but the fear of criminal charges or civil claims for treble damages that could well take the starch out of regulators who are supposed to bargain and press demands vigorously on behalf of the Government and the public. This is the reason we would want to see some text in the Hobbs Act before we could say that Congress meant to go beyond the common law preoccupation with official corruption, to embrace the expansive notion of extortion Robbins urges upon us.}”\textsuperscript{324}

Again by analogy, the fear of RICO treble damages is what can “take the starch out of” union efforts to press vigorously their lawful demands for neutrality, card check, or collective bargaining agreements.

It might be argued that the Court’s approach to reviewing civil liability exposure with respect to a government campaign of regulatory harassment is not instructive when assessing liability exposure for a comprehensive campaign orchestrated by a union. Deciding whether to

\textsuperscript{321} See id. at 560.
\textsuperscript{322} This “predominant character” standard, although not well-developed in the \textit{Wilkie} majority opinion, bears some resemblance to the Court’s statement in \textit{BE&K} that if a “substantial proportion” of unsuccessful suits filed involve genuine (rather than baseless) grievances, the class of lawsuits itself deserves protection. See 536 U.S. at 532, discussed supra at note 315.
\textsuperscript{323} See id. at 561.
\textsuperscript{324} Id. at 567 (emphasis added).
expand the implied constitutional cause of action at stake in Wilkie raises distinct issues from those involved when construing an express statutory cause of action under RICO.\textsuperscript{325} More generally, executive branch officials’ access to a range of constitutional and common law immunities reflects policy considerations that have no obvious parallel with respect to harassing conduct by private actors.\textsuperscript{326} Upon reflection, however, the Wilkie framework still carries considerable weight when transferred to the union campaign setting.\textsuperscript{327}

The Court in Wilkie decided to protect from liability a “perpetrator” of regulatory harassment possessing resources and powers vastly disproportionate to the campaign’s target or “victim.” The federal government brings to the table virtually unlimited resources to support its campaign and also brings a unique capacity to perform as investigator, prosecutor, and adjudicator in regulatory proceedings. By contrast, a labor union as campaign “perpetrator” is a private entity typically taking on a major corporate actor. The union lacks the government’s direct powers of investigation or enforcement, and it is likely to possess no more than comparable resources and strength relative to the campaign’s corporate target. A standard immunizing the enormously powerful federal government for a regulatory crusade that includes

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\item \textsuperscript{325} See e.g., Wilkie, 551 U.S. at 568 (Thomas and Scalia, JJ., concurring) (expressing commitment to imposing strict limits on new Bivens causes of action in general).
\item \textsuperscript{326} These considerations include concern that harassment due to unfounded or costly litigation will deflect government officials from the energetic performance of their public duties and/or compromise their independent judgment in fulfilling those duties. See, e.g. Harlow v. Fitzgerald, 457 U.S. 800, 814 (1982) (discussing qualified immunity against actions alleging constitutional or statutory violations); Barr v. Matteo, 360 U.S. 564, 571 (1959) (discussing absolute immunity against common law tort actions). See also Imbler v. Pachtman, 424 U.S. 409, 422-23 (1976) (discussing common law immunity for judges, prosecutors, and grand jurors).
\item \textsuperscript{327} The Wilkie framework is not the only analogy available. One could borrow from Title VII caselaw establishing that hostile environment sexual harassment requires “severe or pervasive” actions—something more than occasional boorish, sexist behavior. See generally Harris v. Forklift Systems Inc., 510 U.S. 17, 21 (1993); Baskerville v. Culligan Int’l Co., 50 F.3d 428, 430-31 (7th Cir. 1995). The analogy to hostile environment under Title VII is less persuasive, however, because the individual incidents are themselves discriminatory conduct; they simply do not rise to the level of alter[ing] the conditions of [the victim’s] employment and [thereby] creat[ing] an abusive working environment.” Meritor Savings Bank v. Vinson, 477 U.S. 57, 67 (1986). See Rebecca Hanner White, De Minimis Discrimination, 47 EMORY L.J. 1121, 1123, 1128-29, 1134-35, 1159 (1998) (discussing justifications for de minimis threshold and describing extensive circuit court reliance on a de minimis standard in Title VII cases, including hostile environment settings). By contrast, the campaign in Wilkie, like the typical union campaign, involves predominantly incidents that are entirely lawful and even protected, rather than objectionable but only in a de minimis way.
\end{itemize}
only isolated or atypical instances of misconduct would seem to apply at least as persuasively to a campaign coordinated by a far less potent labor union that features similarly infrequent examples of illegal conduct—again so long as the bulk of the union campaign rests on lawful tactics.

The Court in *Wilkie* also shielded from liability a federal government campaign whose ultimate goal was quite controversial in public policy terms. The government essentially was seeking a free easement; the individual landowner would have negotiated over compensation for such an easement, but the Bureau of Land Management wanted no bargaining at all. By contrast, the union’s aim in a typical comprehensive campaign is more mainstream—to bargain for an agreement, not to demand what is tantamount to a takeover of property rights. Applying the *Wilkie* standard to union campaigns that pursue a negotiated solution would seem if anything less troubling than utilizing that standard for government campaigns that essentially demand a unilateral concession.

Finally, the union’s “hard bargaining” strategy is part of a commitment to furthering legitimate government objectives, analogous in relevant respects to the law enforcement activities safeguarded under *Wilkie*. Admittedly, the Court in *Wilkie* expressed concerns on a very broad scale—it worried that allowing a *Bivens* cause of action would open the floodgates of litigation by “invit[ing] claims in every sphere of legitimate governmental action affecting property interests.” But as the dissent noted, the Court in prior cases had not considered “floodgates to litigation” a special factor that counseled against implying a *Bivens* action. In

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328 See 551 U.S. at 542-43 (describing government’s refusal to negotiate compensation); id. at 569 (dissenting opinion) (criticizing government’s vindictive effort “to extract property from [Robbins] without paying a fair price”).

329 551 U.S. at 561.

this context, the Court’s unanimously expressed concern over the special chill accompanying RICO civil actions against government officials\(^{331}\) likely contributed to the majority’s willingness to invoke the floodgates factor for the first time.

The special RICO chill is also relevant when it comes to the specter of employer claims alleging extortion against union comprehensive campaigns. As noted above, these campaigns typically impose intense economic pressure on employers “through channels outside the employer-employee relationship”\(^{332}\) with the ultimate goal of obtaining agreements that will improve terms and conditions of employment. While they do not implicate “every sphere of legitimate…action” as in \textit{Wilkie}, the campaigns do seek to vindicate core objectives within one major sphere of governmental activity—federal regulation of labor-management relations. Congress in the NLRA declared as “the policy of the United States” that protecting workers’ “full freedom of association” and encouraging “the practice and procedure of collective bargaining” would enhance the free flow of commerce by, among other things, augmenting the wage rates and purchasing power of American workers.\(^{333}\) The threat of RICO extortion actions continues to chill these legitimate and protected union activities, just as the Court in \textit{Wilkie} feared such a threat would chill government efforts at law enforcement.

Moreover, comprehensive campaigns have assumed special strategic importance in today’s complex American workplace as unions seek to vindicate the federal policy commitment to workers’ freedom of association and the practice of collective bargaining. Since the early 1980s, technological innovation, global competition, and the mobility of capital have helped

\(^{331}\) See 551 U.S. at 567 (quoted at text accompanying note 324 \textit{supra}).
produce a sharp decline in centralized firm decisionmaking and integrated firm structure.\textsuperscript{334} Subcontracted or compartmentalized production, outsourcing of work to offshore facilities, and automated information technology all contribute to a dynamic and decentralized labor market. Unions seeking to represent workers effectively in this market must engage multiple constituencies in diverse ways if they are to persuade or pressure employers to reach agreements. Until the federal courts make clear that such efforts at extended engagement do not as a matter of law constitute attempted extortion, unions will be deterred from acting to promote worker interests in the most effective ways allowed under current federal labor law.

\textbf{CONCLUSION}

Textualist judges and scholars typically warn against allowing reliance on legislative history to \textit{expand} the actual or ordinary meaning of enacted text.\textsuperscript{335} The interpretive evolution of RICO reveals an intriguingly different story, as the Supreme Court initially ignored or rejected legislative record evidence that would have supported a substantial \textit{narrowing} of civil RICO coverage.\textsuperscript{336} Subsequently, the Court has continued to ignore RICO’s “narrowing” legislative history—both from its 1970 origins and from congressional reforms proposed during the 1980s and 1990s. Nonetheless, the Justices have developed a distinctly more constraining approach to civil RICO in their second generation of cases.


\textsuperscript{336} See discussion \textit{supra} at text accompanying notes 60-118.
In light of these circumstances, especially the recent decisions in *Scheidler II* and *Wilkie*, this Article has attempted to explain why RICO extortion claims should be adjudicated as fundamentally inapposite with respect to union comprehensive campaigns. This is not an argument that RICO is irrelevant for ordinary union activity in general. Questions involving the scope of labor law preemption or the applicability of other predicate offense claims are for another day.\(^{337}\) Similarly, there has been no effort to address extortion allegations in which the union’s conduct involves a predominant use of violence or other physically intimidating force.

RICO extortion claims against union campaigns that are built around regulatory offensives and negative publicity have been a central element of employer resistance for more than twenty years. While the Court has made clear that both labor organizations and companies have a right to use litigation as part of their efforts to secure an economic advantage, that right should not extend to causes of action that are deemed inadequate as a matter of law. Quite apart from the Court’s recent forays into the nature of federal pleading standards,\(^{338}\) the course of conduct that typically characterizes a union comprehensive campaign simply does not qualify as extortion.

In the past several years, we have seen considerable debate, inside and outside of Congress, about the need for major labor law reform.\(^ {339}\) Such a debate is overdue following six decades of congressional inaction and gridlock.\(^ {340}\) Still, labor law reform, however broadly

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conceived, cannot address all the current controversies over statutory meaning that implicate protected activity under the NLRA. The chilling effect of RICO extortion claims on lawful “hard bargaining” by unions is one such controversy that the federal courts—and if necessary the Supreme Court—are in a position to resolve.