

To: Chancellor James Moeser
From: Labor Licensing Code Advisory Committee *DA JW*
Re: Action Letter to New Era Cap Company on possible labor code violations
Date: February 1, 2008

At its meeting on Tuesday, January 29, 2008, the Labor Licensing Code Advisory Committee voted unanimously to recommend that the University inform the New Era Cap. Co. that it must allow the University to appoint an investigating agent of the University's choosing to investigate allegations of violations of UNC's Labor Code of Conduct at New Era's distribution facility in Mobile, Alabama. We urge you to send a letter to New Era immediately expressing our concerns and have attached a draft letter for your consideration.

At our meeting, the LLCAC heard first-hand evidence from one of our own committee members of possible Labor Code violations at New Era's Mobile facility. This information largely overlaps with similar evidence made in a report by the NAACP on New Era's Mobile operations, as well as with allegations made in an unfair-labor-practice complaint filed by the plant's union with the National Labor Relations Board. The NLRB has opened an investigation but final agency action, including a full adjudicatory hearing and review by the NLRB's appellate Board, could take years. Although New Era has suggested that further investigation by the universities must await the NLRB's actions, we rejected such a position on policy grounds. To require the universities to wait for the NLRB decision would actually penalize workers whose rights our labor code of conduct is designed to protect from filing grievances, especially valid grievances, with the NLRB. The University's labor code of conduct includes provisions separate from this responsibility beyond the NLRB's concern and is, in any case, designed as a supplemental contractual basis by which the University's own moral code and conditions for doing business is memorialized.

We are not asking you to determine the ultimate validity of the allegations that have been leveled at New Era. We are, however, asking you to send a letter to the company regarding our concerns, reminding New Era that it has agreed that our agent can monitor its compliance with our labor code of conduct. This approach accords with our past practice when faced with allegations against other licensees.

February 1, 2008

Mr. Joe Zwirecki
Director of Domestic Manufacturing
New Era Cap Co.
160 Delaware Ave.
Buffalo, New York 14202

Re: Investigation of Possible UNC Labor Code Violations

Dear Mr. Zwirecki:

The University is aware of allegations of noncompliance with the University's labor code of conduct by New Era at the company's distribution facility in Mobile, Alabama. And as you know, compliance with the University's labor code of conduct is a condition of doing business as a licensee of the University of North Carolina at Chapel Hill. Section 1 of the Special Agreement Regarding Labor Codes of Conduct requires licensees to cooperate with the University and/or its agents in investigating possible code violations.

In similar situations, our University like many others has relied on trained investigators from organizations such as the Workers Rights Consortium ("WRC") and independent external monitors to ascertain allegations brought against our licensees. We have in the past found these reports to be thorough in their evaluations and useful in their recommendations. We understand that you have agreed to an independent third party investigation and that you have refused the WRC access to your Mobile facility to investigate the numerous allegations against your company. Moreover, we have learned that you and WRC are at an impasse in terms of identifying an investigating agent acceptable to both of you.

We write to inform you that this impasse is not acceptable to us. The University, when faced with allegations of labor code of conduct violations – such as we have in this case -- must be able to ascertain the strength of these allegations through agents in whom it has confidence.

Prior to the next meeting of the University's Licensing Labor Code Advisory Committee on Tuesday, February 19, the University expects you to grant access to the WRC or another investigating agent acceptable to us. The LLCAC will make recommendations to me about the University's willingness to continue to do business with New Era and, certainly, a refusal by you even to allow all appropriate access to an agent of our choosing can be grounds for terminating our relationship.

Sincerely,

James Moeser, Chancellor
University of North Carolina, Chapel Hill