



October 6, 2014

Mrs. Susan Johnson, Treasurer  
Glass Molder Plastics Local 70  
1413 East 16th Street  
Ford Heights, IL 60411

Case Number: 310-6000563  
LM Number: 034612

Dear Mrs. Johnson:

This office has recently completed an audit of Glass Molder Plastics Local 70 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with President Mike Stout on September 23, 2014, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

#### Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 70's November 01, 2010 – October 31, 2013 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 70 did not retain adequate documentation for reimbursed expenses incurred by all officers totaling at least \$653.60. For example supporting documentation was not maintained to support the August 11, 2012 reimbursement to the President for airfare and lodging.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Reimbursed Auto Expenses

The President who received reimbursement for business use of his personal vehicle did not retain adequate documentation to support payments to them totaling at least \$171.00 during 2012. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

## 3. Lost Wages

Local 70 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$7,400.00. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 70 did not maintain any supporting documentation to support lost wage reimbursement payments to union officers.

I have provided a compliance tip sheet, *Union Lost Time Payments* that contains a sample of an expense voucher Local 70 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

## 4. Failure to Maintain and Record Receipts

Local 70 did not maintain the membership dues checkoff records submitted by the employer or record in its receipts ledger the employer dues checkoff checks directly deposited into the Local's account for the entire audit period. Section 206 of the LMRDA requires union to maintain all financial records for at least five years. Also union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

## 5. Lack of Salary Authorization

Local 70 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Since you have agreed to properly document officers' salary authorization in your amended bylaws and meeting minutes no further enforcement action will be taken.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 70's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

#### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report LM-3 filed by Local 70 for the fiscal year ended October 31 2014, was deficient in that:

##### 1. Disbursements to Officers

Local 70 erroneously included some reimbursements to officers totaling at least \$3,299.00 in Item 24 (All Officers and Disbursements to Officers – Gross Salary). However, the payments should be posted in Item 24 (All Officers and Disbursements to Officers – Allowances and Other Disbursements).

The union must report most direct disbursements to Local 70 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 70 amended its constitution and bylaws in 2013, but did not file a copy with its LM report for that year nor was a copy of the previous bylaws submitted.

As agreed, Local 70 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than October 14, 2014.

I am not requiring that Local 70 file an amended LM report for October 31, 2013 to correct the deficient items, but Local 70 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Glass Molder Plastics Local 70 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mike Stout, President