

U.S. Department of Labor

Office of Labor-Management Standards
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November 10, 2022

Mr. Kenneth A. Spitzley, Treasurer
International Brotherhood of Electrical Workers
Local 1434
PO BOX 34804
Richmond, VA 23234-0804

Case Number: 450-6019726()
LM Number: 036-653

Dear Mr. Spitzley:

This office has recently completed an audit of International Brotherhood of Electrical Workers Local 1434 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 you, Business Manager [REDACTED], Financial Secretary Shawn Hunter, Vice President [REDACTED], President [REDACTED], and Recording Secretary Anissa Womack-Davis on November 4, 2022, 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 IBEW Local 1434's 2020 records revealed the following recordkeeping violations:

1. Lost Wages

Local 1434 did not retain adequate documentation for lost wage reimbursement payments to union officers. 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 1434 did not have some of this information in the union's records.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contained a sample of an expense voucher Local 1434 may use to satisfy this requirement. The sample identifies the type of information and documentation that Local 1434 must maintain for lost wages and other officer expenses.

2. Disposition of Property

Local 1434 did not maintain an inventory of shirts and gift cards it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and the amount received from each sale of union shirts and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the executive board authorized financial expenditures at its monthly meetings. Local 1434 did not maintain meeting minutes from any executive board meetings. In addition, membership meeting minutes were not maintained in some instances where disbursements were approved, such as the purchase of gift cards and lost time requests. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1434 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 (Form LM-3) filed by Local 1434 for the fiscal year ended June 30, 2020, was deficient in the following areas:

1. Disbursements to Officers

Local 1434 did not include all the reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The audit revealed that the salary amounts listed in Column D (Gross Salary) for some officers was not accurate. In addition, several union officers incurred travel expenses, stipends, and other expenses during the audit year, but these expenses were not properly reported next to their name in Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 1434 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. An "indirect disbursement" to an officer is a payment to another party (including check card companies) 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 1434 amended its bylaws on March 23, 2015 and did not file a copy with its LM report for that year. Local 1434 has now filed a copy of its bylaws.

I am not requiring that Local 1434 file an amended report for 2020 to correct the deficient items, but Local 1434 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to IBEW Local 1434 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,

[REDACTED]
Program Compliance Specialist

cc: [REDACTED], President