



January 23, 2023

Mr. Jason Kirchhevel, Business Manager
3333 S. 24th Street
Omaha, NE 68108

Case Number: 510-6025120()
LM Number: 016317

Dear Mr. Kirchhevel:

This office has recently completed an audit of SMART Local 3 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 and Bookkeeper Donna Goodman on October 28, 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 rule, labor organizations must maintain all records used or received during 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 3's 2021 and 2022 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 3 did not retain adequate documentation for credit card expenses incurred by Jason Kirchhevel and Steve Terwilleger totaling at least \$4,860.88. For example, there was no receipt for a \$1,452.84 charge made on September 25, 2021 to the Holiday Inn in Kearney, NE and there was no receipt for a \$1,027.19 charge made to Best Buy on March 11, 2022.

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. Meal Expenses

Local 3 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, there were at least three instances totaling \$131.62 where receipts did not include the official union business conducted and the full names and titles of all persons who incurred the charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Receipt Dates not Recorded

Entries in Local 3's receipts journal inaccurately reflect the date the money was received and when the union deposited the money. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it receives money, and disbursements when it pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it was received.

Local 3 did not record the date funds were received. Instead, a date near the beginning of the month was used to "open the books" and that was the date used for all funds received in that month.

4. Disposition of Property

Local 3 did not maintain an adequate inventory of hats, jackets, 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 the LM-2. 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 the LM-2. Union records were not sufficient to reconcile the number of gift cards and clothing items purchased, given away or sold, with the remaining amount of gift cards and clothing. The union must record in at least one record the date and amount received from each sale of union hats, jackets, 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.

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.

Based on your assurance that Local 3 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation(s):

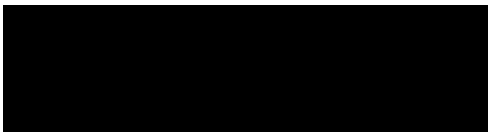
1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. The maximum bond required for any one person in any one union is \$500,000.

Local 3's officers and employees are currently bonded for \$400,000, but they must be bonded for at least \$500,000. Local 3 agreed to obtain adequate bonding coverage and provide evidence of this to OLMS. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to you 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,



Senior Investigator