



March 24, 2023

Mr. Kevin Schoff, President
Utility Workers, AFL-CIO
Local 555
PO BOX 1198
Seabrook, NH 03874

Case Number: 110-6025452()
LM Number: 529433

Dear Mr. Schoff:

This office has recently completed an audit of Utility Workers, AFL-CIO, Local 555 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 Treasurer Richard Fowler on March 21, 2023, 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 555's 2021 records revealed the following recordkeeping violations:

1. General Credit Card Expenses

Local 555 did not retain adequate documentation, including credit card statements, for all credit card expenses incurred by union officers during the audit year. For example, a

credit card bill paid in April 2021 included \$313.05 as past-due balance, for which there was no corresponding March 2021 bill. The March 2021 bill likely included at least \$190.13 in cell phone payments to AT&T, but it was not possible determine if the entire past due balance was accounted for in the union records without the details on the missing statements.

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. Meeting Minutes

Local 555 advised OLMS that they did record meeting minutes, which are handwritten in a notebook, but these records were not provided to OLMS, nor retained in the union's records.

Article VI, Section 4 of the Local 555 Bylaws requires that the local treasurer report all bills received and expenses authorized by the membership at a general membership meeting. Local 555 officers advised that they did not think the 2021 meeting minutes contained any financial authorizations, but OLMS was not able to verify this because meeting minutes were not provided during the audit. Meeting minutes that note approval for any expenses or provide information about the union purpose of any expenses must be maintained.

Based on your assurance that Local 555 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 555 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Cash Reconciliation/Cash Disbursements

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 555's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

In addition, the reported total disbursements (Item 55) were not the figures according to the union's books. The instructions state under Statement B (Receipts and Disbursements) the labor organization should report all disbursements paid out by the

labor organization during the fiscal year covered by the report, which was January 1, 2021, through December 31, 2021.

2. Disbursements to Officers

Local 555 did not include some reimbursements to officers totaling at least \$495 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, three officers received reimbursements for purchasing coffee and breakfast for a contract negotiation meeting in September 2021. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 555 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).

3. Taxes and Payroll Deductions

Local 555 did not properly report the total amount withheld from officer pay for taxes, payroll deductions or other deductions. The union must report in Item 24, Line 10, the total amount of withheld taxes, payroll deductions, and other deductions. Failure to report payroll withholding in Item 24 resulted in disbursements being over reported for the audit year in Statement B, Item 24, Cash Disbursements to Officers.

It also appears that the union is improperly reporting the disbursement of withheld taxes and payroll deductions in Item 50 (Benefits). The union must report disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions in Item 54 (Other Disbursements). Any portion of withheld taxes or any payroll or other deductions which have not been transmitted at the end of the reporting period are liabilities of your organization and must be reported in Item 35 (Other Liabilities).

4. Signatures

Local 555 did not properly complete the signature portion (Items 57-58) of the Form LM-3. The report was only signed by one officer, Treasurer Richard Fowler.

The completed Form LM-3 which is filed with OLMS must be signed by both the president and treasurer, or corresponding principal officers, of the labor organization. If

the duties of the principal executive or principal financial officer are performed by an officer other than the president or treasurer, the report may be signed by the other officer. If the report is signed by an officer other than the president or treasurer, enter the correct title in the title field next to the signature and explain in Item 56 (Additional Information) why the president or treasurer did not sign the report.

5. 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 555 amended its constitution and bylaws in 2018, but did not file a copy with its LM report for that year.

As agreed, Local 555 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than March 31, 2023.

6. Acquire/Dispose of Property

The audit also revealed a violation of LMRDA Section 201(b), on the form LM-3 filed by Local 555 for the fiscal year ended December 31, 2020. A review of records indicated that the union gave away Circle K gift cards totaling at least than \$500 during that year. Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," on the union's LM report for the fiscal year ending on December 31, 2020. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

Local 555 must file an amended Form LM-3 for the fiscal year ended December 31, 2021, to correct the deficient items discussed above on that year's report. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than March 31, 2022. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Utility Workers Local 555 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: Mr. Richard Fowler, Treasurer