



*SENT VIA EMAIL*

April 13, 2023

Mr. Shaun Kavanagh, President  
RWDSU Local 3  
31-21 31st Street, 4th Floor  
Long Island City, NY 11106  
[REDACTED]

Case Number: 130-6023141([REDACTED])  
LM Number: 521663

Dear Mr. Kavanagh:

This office has recently completed an audit of RWDSU 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 on April 15, 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 3's 2021 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 3 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former President Cassandra Berrocal and former Secretary-Treasurer Shaun Kavanagh totaling at least \$9,959.01. Instead, only credit card statements were required and maintained for all expenses in the 2021 fiscal year.

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. Lack of Salary Authorization

Local 3 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 / 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.

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.

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-2 filed by Local 3 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. 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 3 amended its constitution and bylaws in 2021 but did not file a copy with its LM report for that year. Local 3 provided OLMS with a copy of the latest bylaws dated May 16, 2022, and will upload them onto the OLMS website.

2. Disbursements to Officers and Employees

Local 3 did not include any disbursements for official business to officers totaling at least \$9,959.01 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12

(Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 3 file an amended LM report for 2021 to correct the deficient items, but Local 3 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

The audit revealed that Local 3 permits officers and employees to use union credit cards to pay for personal expenses. Although officers and employees promptly repaid Local 3 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to RWDSU Local 3 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: Brenda Moses, Secretary Treasurer