



February 5, 2024

Kathryn Bliss, Secretary/Treasurer  
Service Employees Local 334  
21 College Hill Road  
Warwick, RI 02886

Case Number: 110-6025395( )  
LM Number: 019-058

Dear Ms. Bliss:

This office has recently completed an audit of Service Employees (SEIU) Local 334 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 on February 2, 2024, 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 334's 2022 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Local 334 did not maintain a record identifying the date it received dues payments by check. Union receipt 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-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually 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 actually received them.

2. Lack of Salary Authorization

Local 334 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.

Based on your assurance that Local 334 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 334 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (Acquire or dispose of any goods or property in any manner other than purchase or sale?) should have been answered, "Yes," because the union gave away gift cards totaling \$500 during the year. 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." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Cash/Assets Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 334'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 to the unexplained cash reconciliation difference for the union's general treasury, Local 334 failed to report all the organization's cash on hand and on deposit at

the start and end of the reporting period. All cash on deposit includes funds in banks, credit unions, other financial institutions, and any special purpose funds even if they are not part of the organization's general treasury. Therefore, Local 334 should be reporting the value of assets held at Navigant Credit Union and Coastal1 Credit Union, as these funds are not included on other publicly available reports filed with a federal or state agency.

3. Delinquent Report

Local 334 has been delinquent in filing its annual Form LM-3 since fiscal year 2018. The Form LM-3 must be filed within 90 days after the end of your organization's fiscal year (12-month reporting period). The president and treasurer or the corresponding principal officers of the labor organization are required to sign the Form LM-3 and are personally responsible for its filing and accuracy. As SEIU Local 334's fiscal year ends December 31, it must file its annual LM Form by March 30 of each year.

Local 334 must file an amended Form LM-3 for the fiscal year ended December 31, 2022, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-3 must be filed no later than March 1, 2024. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Signing Blank Checks

During the audit, you advised that you and Business Agent Kathryn Amaral occasionally sign blank checks. A two-signature requirement is an effective internal control of union funds, however only if the two signatures are obtained after the checks are prepared. Two signatures on checks attest to the authenticity of a completed document already signed, however, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of any two signature requirements. OLMS recommends that Local 334 review these procedures to improve internal control of union funds.

2. Lack of Signature Authority at Financial Institutions Holding Local 334 Assets

During the audit, you advised that no current officers of Local 334 are signatories to accounts and certificates of deposit held at Navigant Credit Union and Coastal1 Credit Union. The assets held by these institutions should be accounted for by Local 334, which requires that Local 334 have access to account statements from these institutions. OLMS recommends that you, or other Local 334 officers or members, work with these institutions to establish proper account signatories.

3. Commingling of Union and Personal Funds

During the audit, you advised that you used Zelle to receive direct dues payments from Local 334 members. Dues paid by Zelle were received into your personal Bank of America account and not the union account. You then remitted these dues payments to the union account by withdrawing an offsetting amount of cash from your account and depositing it into the union account. OLMS strongly recommends not commingling union and personal funds. This also renders your personal bank account statements union records subject to the five-year retention requirements of the LMRDA.

I want to extend my personal appreciation to Service Employees Local 334 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: John Burns, President  
Kathryn Amaral, Business Agent