

**U.S. Department of Labor**

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March 31, 2011

Mr. Larry W. Stewart, Secretary-Treasurer  
Sheet Metal Workers AFL-CIO  
Southeast District Council  
20375 N.E. 15<sup>th</sup> Court  
North Miami Beach, FL 33179

LM File Number 516-555  
Case Number: [REDACTED]

Dear Mr. Stewart:

This office has recently completed an audit of Sheet Metal Workers, Southeast District Council 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 March 31, 2011, 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 Violation

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 the Southeast District Council's 2009 records revealed the following recordkeeping violation:

#### Meal Expenses

The Southeast District Council records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons participating in meals. For example, all receipts for food items purchased for general membership meetings were kept; however, the names of individuals participating in the meals, and the nature of union business conducted during the meal were not recorded on meal receipts totaling \$667.00. 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.

Based on your assurance that the Southeast District Council will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above recordkeeping violation.

#### 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 the Southeast District Council for fiscal year ending December 31, 2009 was deficient in the following areas:

1. Disbursements to Officers

The Southeast District Council did not include reimbursements to officers totaling at least \$1,228.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Southeast District Council 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).

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. The Southeast District Council amended its constitution and bylaws on October 20, 1993, but did not file a copy with its LM report for that year.

The Southeast District Council has now filed a copy of its constitution and bylaws.

I am not requiring that the Southeast District Council file an amended LM report for 2009 to correct the deficient items, but the Southeast District Council has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 1004 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.

Mr. Larry W. Stewart  
March 31, 2011  
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Sincerely,

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Investigator

cc: Ronald Whatley, President