



May 21, 2014

Mr. Allan Bathon, Treasurer
Utility Workers Local 335
35 Saint Edwards Lane
Florissant, MO 63033-5419

Case Number: 510-6000820
LM Number: 009204

Dear Mr. Bathon:

This office has recently completed an audit of Utility Workers Local 335 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 May 20, 2014, 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 335's 2013 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 335 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.

2. Lost Wages

Local 282 did not retain adequate documentation for lost wage reimbursement payments to President and later Vice President Tom Schneider. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 335 provided vouchers where the date lost wages occurred, the hours lost, and the pay rate were completed; however, on some occasions Schneider failed to report the specific hours lost. On one occasion, Schneider submitted a hand written lost time request for 28 hours, but there was no vouch accompanying the request and the hand written note did not specify the hours lost. Also on one occasion, Schneider submitted a voucher for four hours lost time, but did not include the date the time was lost on the voucher.

Local 335's lost time voucher is adequate to meet the recording keeping requirements of the LMRDA only if all the required information is completed on the form.

Based on your assurance that Local 335 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 335 for fiscal year ending August 31, 2013, was deficient in that the local reported a bond of \$70,000 in Item 20 when the local actually had a bond of \$100,000.

I am not requiring that Local 335 file an amended LM report for 2013 to correct the deficient item, but Local 335 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

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.

Local 335's officers and employees are currently bonded for \$100,000, but they must be bonded for at least \$107,652. Local 335 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than June 6, 2014.

Other Issue

1. Use of Signature Stamp

During the audit, you advised that it is Local 335's practice for the president to sign union checks and to occasionally stamp his signature on union checks. A two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 335 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UAW Local 282 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