

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
Room E-365
JFK Federal Building
Boston, MA 02203
(617)624-6690 Fax: (617)624-6606



July 1, 2008

Ms. Barbara Costabile, President
Teachers, AFL-CIO Local Union 5018
180 Stony Acre Drive
Cranston, RI 02920

LM File Number: 514-404

Case Number: [REDACTED]

Dear Ms. Costabile:

- , This office has recently completed an audit of Teachers Local Union 5018 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 Karol Sharkey 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

Ms. Barbara Costabile
July 1, 2008
Local 5018

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 5018's 2007 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the course of the audit, Ms. Sharkey and Ms. Devita indicated that the executive board voted to authorize an increase in salary payments for President Barbara Costabile on or around March of 2008 during a meeting at Chelo's restaurant in Cranston, RI. Ms. Sharkey and Ms. Devita stated that Ms. Costabile's salary was authorized to increase from \$250 per quarter to \$500 per quarter because she had taken on the additional duties of grievance vice-president after the retirement of the former grievance vice-president. However, Local 5018 maintained no minutes of this meeting or record of the decision to increase Ms. Costabile's salary. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Local 5018 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 5018 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 LM-3 filed by Local 5018 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Failure to File Constitution and By-Laws

Ms. Barbara Costabile
July 1, 2008
Local 5018

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and by-laws with its LM report when it makes changes to its constitution or bylaws. Local 5018 amended its constitution and bylaws in 2000, but did not file a copy with its LM report for that year. As agreed, Local 5018 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than September 29, 2008.

2. Failure to Accurately Report Rate of Dues

The union did not accurately report the rate of dues paid by each member. Item 23 of the LM-3 report for fiscal year ending June 30, 2007 indicates that dues rate for members is \$8.00 per week. However, the audit revealed that the actual rate of dues for members at the end of fiscal year 2007 was \$12.00 per week.

3. Failure to Accurately Report Rate of Professional Fees

Local 5018 failed to report at least \$1520 in professional fees paid to Arbitrator Sharon Ellis in Item 49, Professional Fees. It appears that Local 5018 incorrectly categorized this expenditure in Item 54, Other Disbursements.

I am not requiring that Local 5018 file an amended LM report for 2007 to correct the deficient items, but Local 5018 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violations:

1. Failure to Hold Regular Election of Officers

The union failed to hold its regular election of officers in April, 2008. Article V of Local 5018's Constitution and By-Laws indicates "all officers shall hold office for (2) years beginning the first day of the next consecutive month following election". The last election held by Local 5018 was April 26, 2006.

2. Failure to Record Membership Vote to Increase Dues

Ms. Barbara Costabile
July 1, 2008
Local 5018

Section 101 of the LMRDA mandates that a dues increase in the case of a local organization be voted upon and approved by (i) a majority vote by secret ballot of the membership in good standing voting at a general or special membership meeting, after reasonable notice of the intention to vote upon such question, or (ii) by majority vote of the membership in good standing voting in a membership referendum conducted by secret ballot. Local 5018 increased dues during the audit year and failed to record such vote as is indicated above.

It is our understanding that you will take steps to hold a new election by August 31, 2008, and that all future dues increases will be put to a vote by the membership with the result of such vote documented appropriately.

Other Issues

1. The audit disclosed that Karol Sharkey, Treasurer, took leave from work and paid no dues to the union from 2/22/07 to 5/3/07. Local 5018's Constitution and By-Laws indicates that "members who qualify for one of the following categories may elect to pay ½ monthly dues to maintain active membership. 1. full-time study 2. any authorized leave of absence. 3. Lay-off 4. Maternity Leave 5. Military Leave."
2. The audit disclosed that approximately \$270 in check-off payments for part-time union members [REDACTED] and [REDACTED] were withheld during the audit year by the employer, St. Joseph's Hospital, but not remitted to the union.

I want to extend my personal appreciation to the officers of Teacher's Local 5018 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,

Mark Letizi,
District Director

cc: Ms. Karol Sharkey, Treasurer
Mr. Robert D'Amico, CPA