



December 5, 2011

Mr. Paul Rodriguez, Secretary-Treasurer  
Glass Moulders Local 20

Case Number: [REDACTED]  
LM Number: 050324

Dear Mr. Rodriguez:

This office has recently completed an audit of Glass Moulders Local 20 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 December 5, 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 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 20's 2010 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

Local 20 did not retain adequate documentation for reimbursed expenses incurred by former President [REDACTED] totaling at least \$761. In fact, the local did not retain any receipt documentation of any kind for the period audited. For example, [REDACTED] attended

a union conference in Las Vegas, Nevada, but did not provide the local with receipts for hotel, meals, and other expenses.

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. Meal Expenses

Local 20 did not require officers to submit itemized receipts for meal expenses totaling at least \$130. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

3. Lost Wages

Local 20 did not retain adequate documentation for lost wage reimbursement payments to former President [REDACTED] totaling at least \$3,677. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 20 did not use lost wage vouchers or any type of journal entry other than check stubs to identify lost wage payments. Most of these check stubs did not include a description of the union business conducted or the date these lost wages were incurred.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 20 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Failure to Record Receipts

Local 20 did not record in its receipts records some employer dues checkoff checks totaling at least \$7,726. For example, the union did not record any of the dues checkoff checks sent by the employer for the audit year. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

5. Lack of Salary Authorization

Local 20 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 20's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

#### Other Issues

##### Lost Time Policy

As I discussed during the exit interview with you, the audit revealed that former President [REDACTED] appeared to have been reimbursed more in lost wage payments than his actual lost wages from the employer would support. You and other officers explained that officers are reimbursed any time they work for the local. However, this policy is not in writing and was not clearly communicated during the organizational interview with OLMS.

Whatever your union's policy and procedures, they should be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in meeting minutes. Once established, it is important that your union consistently follow its procedures for handling lost time.

Your union should consider establishing a separate policy regarding pay for work a union official does on his or her own time (where there is no lost time) such as in the evenings or on weekends. This policy should clarify exactly what work is expected from each such official and what the corresponding salary is for them.

I want to extend my personal appreciation to Glass Moulders Local 20 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,

[REDACTED]  
Investigator

cc: Mr. Eddie Echols, President