



December 7, 2018

Dale Matson, Secretary-Treasurer  
United Electrical Apparatus Technicians  
PO Box 92269  
Brook Park, OH 44142-0269

Case Number: 350-6014647 [REDACTED]  
LM Number: 067325

Dear Dale Matson:

This office has recently completed an audit of United Electrical Apparatus Technicians 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 October 4, 2018, 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 United Electrical Apparatus Technicians 2017 records revealed the following recordkeeping violations:

## Gift Card Disposition

The union purchased gift cards for union members. The purchase of these cards was documented, but the final disposition of the cards was not documented. The distribution of gifts purchased for the members must be fully documented.

Based on your assurance that United Electrical Apparatus Technicians 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 United Electrical Apparatus Technicians for the fiscal year ended December 31, 2017, was deficient in that:

### 1. Officer Expenses

United Electrical Apparatus Technicians did not include reimbursements to officers placed on union debit card or a \$1,250 payment to the secretary-treasurer in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to union officers and some indirect disbursements made on behalf of its officers in Item 24 E (Allowances and Other Disbursements). 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. Address Where Records Are Kept

The LM-3 Report requires that this address be listed in Item 56 if "No" is selected in Item 3 which indicates that union records are kept at an address not listed on the form. United Electrical Apparatus Technicians 2017 LM-3 Report showed Item 3 as "No", but no address was given in Item 56.

I am not requiring that United Electrical Apparatus Technicians file an amended LM report for 2017 to correct the deficient items, but United Electrical Apparatus Technicians has agreed to properly report the deficient items on all future reports it files with OLMS.

### 3. Electronic Filing

Your Labor Organization Annual Report Form LM-3 for fiscal year ending December 31, 2017 filed with the Office of Labor-Management Standards (OLMS) is deficient in that it was filed using a paper form. Filing your report on a paper form is no longer compliant with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA). All Labor Organization Annual Reports for the fiscal years beginning on or after January 1, 2017 are required to be filed with OLMS using the OLMS Electronic Filing System.

I am not requiring that United Electrical Apparatus Technicians file an amended LM-3 report to correct this deficiency as you have agreed to file in the future using the OLMS Electronic Filing System at [www.olms.dol.gov](http://www.olms.dol.gov)

### Other Violations

#### 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. Although your union was previously bonded, this coverage lapsed without being renewed.

United Electrical Apparatus Technicians 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 January 15, 2019

### Other Issues

#### 4. Single Signature Checks and Debit Cards

The audit revealed that only one officer signs union checks. Your union's bylaws require that all checks be signed by the president or vice president and the secretary-treasurer. The 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. Similarly, debit cards can lead to single person control of expenditures. OLMS recommends that United Electrical Apparatus Technicians review the use of single signature checks and debit cards to improve internal control of union funds.

5. Checks to Cash

The union should ensure that checks to cash have adequate support documentation to account for the disposition of cash funds.

I want to extend my personal appreciation to United Electrical Apparatus Technicians 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: Eric Schlesing