



June 27, 2018

Mr. Dave Ramsey, Treasurer  
Union Employees Union Local 1  
2815 Broadway Avenue  
Pittsburgh, PA 15216

Case Number: 140-6011943  
LM Number: 537337

Dear Mr. Ramsey:

This office has recently completed an audit of Union Employees Union Local 1 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 President Al J. Smith on February 1, 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.

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.

#### Recordkeeping Violations

The audit of Local 1's records for the fiscal year ended July 31, 2017 revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 1 did not record in its receipts records any employer dues checkoff checks received.

Neither receipts nor deposits were recorded in the union's records. The records need to show the date and amount received, and the source of the money. No balance of funds is maintained. No entries recording strike fund transfers to the general fund for strike fund rebates are recorded. Union receipts records must include an adequate identification of all money the union receives.

Likewise, Local 1 needs to maintain record of retiree dues paid. Currently no retiree dues receipts are being recorded. Until that is done, you need to maintain records of who is paying dues, when dues are paid, and when the dues are deposited. You informed me that retiree dues have been eliminated.

## 2. Information not Recorded in Meeting Minutes

Discussions of disbursement authorizations are not recorded in the meeting minutes. You informed me that there are executive board meetings conducted over the phone; there are no minutes maintained of these executive board phone calls. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1'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.

### 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 Local 1 for the fiscal year ended July 31, 2016, was deficient in the following areas:

#### 1. 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. Local 1 has amended its constitution and bylaws since 1994, but did not file a copy with its LM report for that year.

As agreed, Local 1 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than July 13, 2018.

#### 2. Failure to report Strike Fund Assessment

The audit disclosed Local 1 members pay union dues equal to 1% of their salary and strike fund assessment equal to 1% of their salary, your union reported that members pay union dues of 2% on Form LM-3 for the fiscal year ended July 31, 2016. You also reported the combined dues and strike fund assessments on item 38 (dues) although the strike fund assessment should be reported in item 40 (fees, fines, and assessments). You did correctly report the dues and strike fund assessment on Form LM-3 filed for the fiscal year ended July 31, 2017.

#### Other Violations

##### 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 1's officers and employees are currently bonded for \$35,000, but they must be bonded for at least \$37,000. Local 1 has obtained adequate bonding coverage for its officers and employees in the amount of \$40,000.

##### 2. Use of the Strike Fund

Your membership has authorized the returning of the strike fund assessments to members when your union's strike fund exceeds \$250,000. The remaining \$250,000 is the designated Strike Fund. There is no authorization in the union's constitution or bylaws which permits transferring strike fund monies to the union's general fund to pay for union expenses.

I want to extend my personal appreciation to Union Employees Union Local 1 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,



Senior Investigator

cc: President Al Smith