

U.S. Department of Labor

Office of Labor-Management Standards
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November 20, 2018

Mr. Clint Stollar, President/Business Manager
IBEW Local 578
P.O. Box 351
Chillicothe, OH 45601-0351

Case Number: 350-6013221 [REDACTED]
LM Number: 019608

Dear Mr. Stollar:

This office has recently completed an audit of IBEW Local 578 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 Troy Elliott on November 15, 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 Local 578's 2017 records revealed the following recordkeeping violations:

1) Failure to Record Receipts

Local 578 did not book the local's money market account. Therefore, Local 578 did not record in its receipts records the interest earned on the money market account during 2017 totaling \$3.00. 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.

2) Receipt Dates not Recorded

Entries in Local 578's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3) Information not Recorded in Meeting Minutes

During the audit, President Stollar advised OLMS that the membership authorized a Christmas party. LU 578 had a Christmas bowling party for members at Shawnee Lanes in Chillicothe, Ohio on December 9, 2017. The party cost \$1,200.00 and the union also purchased \$325.00 worth of gift cards for members to receive at the party. Local Union 578's Expense and Procedures Policy under I. (Funds), Para. 4 (Standing Bills), (Note), requires that all LU expenses and bills not specifically listed shall be submitted for approval to a majority vote of the members at a regular LU monthly membership meeting. However, the minutes of Local 578's meetings do not contain any reference to the issue or a vote by membership. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 578 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 578 amended its constitution and bylaws during 2007, but did not file a copy with its LM report for that year. Local 578 has now filed a copy of its constitution and bylaws.

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I want to extend my personal appreciation to IBEW Local 578 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. Troy Elliott, Treasurer