



September 12, 2018

Mr. Joseph Seman, Secretary Treasurer  
Service Employees Union Local 188  
6516 Rosemoor Street  
Pittsburgh, PA 15217

Case Number: 140-6012437 [REDACTED]  
LM Number: 054780

Dear Mr. Seman:

This office has recently completed an audit of Service Employees Union 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 August 31, 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 Violation

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 188's 2017 records revealed the following recordkeeping violation:

During the audit, you advised OLMS that the membership authorized the payment of all bills at the membership meetings. However, the minutes do not record any financial discussions or authorization by the membership. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. You discussed that in the future

the quarterly financial report will be attached to the minutes and membership authorization will be recorded in the minutes.

Based on your assurance that Local 188 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

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 188 for the fiscal year ended December 31, 2013, 2014, 2015, and 2016, were deficient in the following areas:

The Labor Organization Annual Report (Form LM-3) were filed electronically by your accountant Dennis J. Loughran. For the fiscal years ended December 31, 2014, 2015 and 2016 Mr. Loughran signed the reports as the president and treasurer even though he is not an officer. For the fiscal year ended December 31, 2013 Mr. Loughran electronically signed the report using your name, Joseph Seman, as both the president and treasurer. Mr. Loughran stated that he signed to reports to save himself and the local union officers time.

Every Labor Organization Annual Report (Form LM-3) signature box bears the following statement: "Each of the undersigned, duly authorized officers of the above labor organization, declares, under penalty of perjury and other applicable penalties of law, that all of the information submitted in this report (including information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned individual's knowledge and belief, true, correct and complete." Only the president and the treasurer (or other financial officer) are authorized to sign the form LM-3 report. And both officers must apply for a PIN to electronically sign the LM-3 report. Local 188 officers correctly signed the LM-3 report for fiscal year ended December 31, 2017 and must continue to correctly sign all reports filed with the Department of Labor in the future.

I am not requiring that Local 188 file an amended LM reports for 2013, 2014, 2015, or 2016 to correct the deficient items, but Local 188 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### Signing Blank Checks

During the audit, you advised that your president signs blank checks. Your union's bylaws require that all checks be signed by the president and 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. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 188 review these procedures to improve internal control of union.

I want to extend my personal appreciation to you and Local 188 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,

A large black rectangular redaction box covering the signature area.A small black rectangular redaction box covering the name of the sender.

Senior Investigator

cc: Mr. Joseph Lang, President