



January 24, 2019

Mr. Alan Hinton, President  
Sheet Metal, Air, Rail and Transportation Workers  
Local 11-TD  
[REDACTED]

Case Number: 420-6014717 [REDACTED]  
LM Number: 544057

Dear Mr. Hinton:

This office has recently completed an audit of Sheet Metal, Air, Rail and Transportation Workers 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 Secretary-Treasurer Daniel Rocha on January 24, 2019, 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 11's 2017 records revealed the following recordkeeping violations:

All disbursements did not have supporting documentation to indicate union purpose

Local 11 did not retain adequate supporting documentation for a union rally donation in the amount of \$300. No receipt or invoice was attached to the SMART disbursement voucher for this expense. As noted above, labor organizations must retain original itemized 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.

The OLMS Compliance Tips, *Authorization and Documentation of Expenditures*, which I provided during the exit interview, will provide further guidance on this matter.

Based on your assurance that Local 11 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 Local 11 for the fiscal year ended December 31, 2017, 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 11 amended its constitution and bylaws in 2016, but did not file a copy with its LM report for that year.

2. Contributions, Gifts, and Grants

Local 11 did not properly report disbursements totaling at least \$257, for funeral flowers and a retirement clock, in Item 51 (Contributions, Gifts, and Grants). It appears the union erroneously reported these expenditures in Item 54 (Other Disbursements).

As agreed, Local 11 will file a copy of its current constitution and bylaws with the Labor Organization Annual Report Form LM-3, which will be filed for the fiscal year ended December 31, 2018, not later than March 31, 2019.

I am not requiring that Local 11 file an amended LM report for 2017 to correct the deficient items, but Local 11 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to SMART Local 11 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: Mr. Daniel Rocha, Secretary-Treasurer