



March 11, 2019

Steven Rockwell, Financial Secretary  
Utility Workers (UWUA) Local 609  
19 Merriam Street  
East Longmeadow, MA 01028

Case Number: 110-6013223 [REDACTED]  
LM Number: 544893

Dear Mr. Rockwell:

This office has recently completed an audit of UWUA Local 609 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 Renard Jowers on February 4, 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 609's 2017 records revealed the following recordkeeping violations:

#### 1. General Debit Card Expenses

Local 609 did not retain adequate documentation for debit card expenses incurred by union officers totaling at least \$10,322. For example, the union's bank statements disclose a September 15, 2017, debit-card payment of \$1,259.20 to a vendor called "Flight Search." This charge appears to represent airfare for several officers to attend a

meeting in Las Vegas, Nevada, but the records contain no receipts or other documents that fully explain the disbursement. More significantly, Local 609 retained no records whatsoever for the secondary debit cards used by the president and by vice presidents in Oregon and Oklahoma.

As noted above, labor organizations must retain original 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.

## 2. Meal Expenses

Local 609 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$705.16. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 609 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the majority of the receipts kept for the union meetings in Oregon and Oklahoma contained only the name of the business, the amount paid, and sometimes a description of the meals purchased, with no other information about the type of meeting and no list of attendees. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

## 3. Failure to Record Disbursements

Local 609 did not record in some of its records all the disbursements made during the period. Union records should include a disbursements journal, or a similar union record, that includes the date the union withdrew the money and associated information regarding the payee, amount, and purpose of such transactions. Union disbursement records must include adequate identification of all money the union pays out.

Also, interviews with union officers and the union records indicate that Local 609 employed a "two-tiered" debit card system for the payment of expenses, with funds disbursed first to a master debit card, and then further disbursed to secondary debit cards for the use of certain officers. Local 609 did not retain statements or other documentation regarding the disbursement of funds from those secondary debit cards.

Based on your assurance that Local 609 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 609 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers

Local 609 did not include some disbursements to officers totaling at least \$338 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously omitted the cost of meals and other expenses provided to officers while traveling on union business. The union must report in Item 24(E) allowances made by direct and indirect disbursements on a daily, weekly, monthly, or other periodic basis; allowances paid on the basis of mileage or meals; all expenses that were reimbursed directly to an officer; expenses for officers' meals and entertainment; and various goods and services furnished to officers but charged to the organization. In addition, the union failed to report salaries in whole-dollar amounts, which led to the inaccurate reporting of officer salaries and expenses.

The union must report most direct disbursements to Local 609 officers and some indirect disbursements made on behalf of its officers in Item 24. 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. Per Capita Tax

Local 609 did not properly report payments to the Utility Workers Union of America (UWUA) for per capita tax in Item 47 (Per Capita Tax). The audit revealed payments of at least \$50,436, but the union reported \$0.

3. Payroll Deductions and Tax Payments

Local 609 did not properly report payroll deductions in Item 24, Line 10. OLMS's review disclosed that Local 609 withheld least \$6,762 in deductions from officers' pay, but the union reported \$0 in deductions. The instructions for completing Form LM-3 state that unions must report the total amount of withheld taxes, payroll deductions, and other deductions on Item 24, Line 10.

Local 609 did not properly report tax payments to the U.S. Treasury and Connecticut Department of Revenue in Item 54 (Other Disbursements). OLMS's review disclosed that Local 609 paid at least \$6,762 to these agencies, but the union reported \$0 in Item 54. The instructions for completing Form LM-3 state that unions must report disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions in Item 54.

5. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 609's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

I am not requiring that Local 609 file an amended LM report for 2017 to correct the deficient items, but Local 609 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Authorization Policy

As we discussed during the exit interview, the audit revealed that Local 609 does not have a clear policy regarding the approval of expense disbursements and the types of expenses that may be charged to union debit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Salary Authorization

The audit revealed that Local 609 does not have a clear policy regarding officer stipends, and that officers essentially set their own salaries through a vote of the executive board. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to UWUA Local 609 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: Renard Jowers, President