

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



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September 19, 2019,

Ms. Doris Todd, Business Manager
Insulators AFL-CIO Local Union 9

Case Number: 450-6014718 [REDACTED]
LM Number: 517076

Dear Ms. Todd:

This office has recently completed an audit of International Association of Heat and Frost Insulators and Allied Workers Local Union 9 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 Jennifer Jones on August 28, 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, 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 records 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 9's 2017 records revealed the following recordkeeping violations:

1. Lost Wages

Local 9 did not retain adequate documentation for lost wage reimbursement payments to Business Manager Doris Todd and President Jennifer Jones totaling at least \$1,662.72. The union must maintain records in support of lost wage claims that identify each date

lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 9 did not maintain any lost wage documentation such as lost time vouchers, the registration documentation if the lost wages were for the International convention, meeting minutes noting the expense was authorized, or the agenda of conference or convention.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 9 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Disposition of Property

Local 9 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

3. Information not Recorded in Meeting Minutes

During the audit, Ms. Todd advised OLMS that Article XIII, Section 6 of Local 9's Bylaws requires that the membership authorize the expenses associated with operating the local. However, Local 9 maintained no meeting minutes for the entire fiscal year. Minutes of all membership or executive board meeting must report any disbursement authorizations made at those meetings.

4. Lack of Salary Authorization

Local 9 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 9'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 violations 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 9 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 should have been answered, "Yes," because the union gave away hoodies, t-shirts, and hats totaling at least \$4,417.65 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 9'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.

3. 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 bylaws with its LM report when it makes changes to its constitution or bylaws. Local 9 failed to file a copy of their bylaws when they originally submitted their LM-1. Local 9 has now filed a copy of its bylaws.

I am not requiring that Local 9 file an amended LM report for 2017 to correct the deficient items, but Local 9 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 9 has also agreed to file all future reports electronically.

Other Violations

The audit disclosed the following other violation:

Failure to Hold an Election

During the opening interview, OLMS was notified that Local 9 had not held an officer election since at least 2014 due to quorum not being met at membership meetings. According to Title IV of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), local unions are required to hold officer elections at least every three years. Local 9 assured OLMS that an election would be held by December 31, 2019 and every three years afterwards.

I want to extend my personal appreciation to Insulators Local 9 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: Ms. Jennifer Jones, President