

# 2015 Annual Report



## Office of Labor-Management Standards

U.S. Department of Labor  
Michael J. Hayes, Director

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### Introduction

When the Labor-Management Reporting and Disclosure Act (LMRDA) was enacted in 1959, Congress declared, "it is essential that labor organizations, employers and their officials adhere to the highest standards of responsibility and ethical conduct in administering the affairs of their organizations, particularly as they affect labor-management relations." The LMRDA primarily promotes union democracy and financial integrity in private sector labor unions through standards for union officer elections and union trusteeships and safeguards for union assets. Additionally, the LMRDA promotes transparency through reporting and disclosure requirements for labor unions and their officials, employers, labor relations consultants, and surety companies. The Office of Labor-Management Standards (OLMS) continues today to pursue this important mission through criminal and civil enforcement of the LMRDA.

The major provisions of the LMRDA, by title, are:

- Title I: Bill of Rights for union members
- Title II: Requirements for reporting and disclosure by labor unions, union officers and employees, employers, labor relations consultants and surety companies
- Title III: Rules for establishing and maintaining trusteeships
- Title IV: Standards for conducting fair elections of union officers
- Title V: Safeguards for protecting union funds and assets

OLMS also administers provisions of the Civil Service Reform Act of 1978 (CSRA) and the Foreign Service Act of 1980 (FSA), which extend comparable protections to federal labor unions. In addition, OLMS' Division of Statutory Programs administers the Department's responsibilities under the Federal Transit Act by ensuring that fair and equitable arrangements protecting mass transit employees are in place before the release of federal transit grant funds.

OLMS is the front line agency responsible for enforcing the LMRDA through its criminal and civil investigations. Criminal investigations include embezzlement, deprivation of rights by violence, extortionate picketing, willful failure to file reports, filing false reports, prohibited union office holding or employment of convicted persons, and fraud related to union elections. Civil investigations include, but are not limited to, violations of the LMRDA involving union election procedures, financial disclosure requirements, and trusteeship standards. OLMS also conducts audits of union finances.

OLMS administers a comprehensive compliance assistance program and offers information and technical support to union officers and members to further the goals of financial integrity, union

democracy, and transparency. Compliance assistance also plays a central role in the OLMS enforcement strategy. OLMS has an active compliance assistance program to promote voluntary compliance with the LMRDA by informing union officers and employees of their responsibilities and informing members of their legal rights.

## Summary

This report consists of five sections, with related tables and charts.

- Section 1 presents key FY 2015 criminal enforcement and performance results pursuant to LMRDA Title V (financial safeguards for labor organizations) together with noteworthy criminal enforcement actions. A complete listing of the FY 2015 criminal actions is located on the OLMS website for calendar years [2014](#) and [2015](#).
- Section 2 presents key FY 2015 civil enforcement and performance results pursuant to LMRDA Title III (trusteeships) and Title IV (union officer elections) together with noteworthy union officer election case summaries for FY 2015. A listing of all FY 2015 voluntary agreements for OLMS-supervised union officer elections is located on the OLMS website for calendar years [2014](#) and [2015](#). FY 2015 court actions for election investigations are located on the OLMS website for calendar years [2014](#) and [2015](#). Final decision letters in election and trusteeship cases are located on the OLMS website in the [FOIA reading room](#).
- Section 3 presents reporting and disclosure data and related program activity pursuant to LMRDA Title II (reporting requirements). Section 3 also presents key FY 2015 reporting enforcement and performance results. Reports are available for public disclosure on the OLMS Online Public Disclosure Room website, [www.unionreports.gov](http://www.unionreports.gov).
- Section 4 summarizes grant certification activity pursuant to the 13(c) program, which ensures fair and equitable arrangements protecting mass transit employees, as required by the Federal Transit Act.
- Section 5 briefly describes compliance assistance activities conducted in FY 2015.

OLMS Annual Reports for 2004 - 2014 are located on the OLMS website.

## Program Activities

### 1. Safeguarding Union Assets

As part of the effort to protect and safeguard union funds and assets, OLMS investigates possible embezzlement from unions and other violations of criminal laws. OLMS also conducts audits of labor unions to detect embezzlements and ensure and promote compliance with the LMRDA. Compliance audit closing letters are located on the OLMS website. OLMS seeks to more effectively and accurately identify cases of fraud and embezzlement, with effectiveness measured by the percent of audits resulting in the opening of a “fallout” criminal case.

In FY 2015, OLMS exceeded its performance goal by achieving a fallout rate of 21.4 percent. By achieving this high percentage of audits resulting in criminal case fallouts, OLMS was able to

redirect resources from audits to its criminal investigation program. Thus, despite reduced agency resources, OLMS still exceeded its planned numbers of both compliance audits and criminal investigations completed. Reduced agency staffing, however, impeded the agency’s ability to meet its plan for criminal indictments and convictions.

<b>OLMS Performance Goal – Financial Integrity</b>	<b>FY 2015 Target</b>	<b>FY 2015 Results</b>
Percent of Audits Resulting in a Criminal Case	15%	21.4%

<b>OLMS Enforcement Statistics – Financial Integrity</b>	<b>FY 2015 Plan</b>	<b>FY 2015 Results</b>
Criminal Investigations Completed	228	243
Indictments	100	83
Convictions	100	68
Compliance Audits Conducted	260	261

Union officers, employees, and representatives have a duty to manage the funds and property of the union solely for the benefit of the union in accordance with its constitution. A union officer or employee who embezzles or misappropriates union funds or assets commits a federal crime punishable by imprisonment or fine, or both. OLMS is responsible for investigating these crimes. The following are some of the most significant criminal enforcement actions from FY 2015.

**Union Employer Sentenced for Falsifying a Document Required to be Kept by ERISA**

In October 2014, Michael E. Sewell, the owner and operator of MESCO, a contractor that did business with International Brotherhood of Electrical Workers (IBEW) Local 24 in Baltimore, Maryland, was sentenced to three years of supervised probation and was ordered to pay \$89,222 in restitution. In August 2014, Sewell pled guilty to knowingly underreporting the hours of work for MESCO employees in documents required to be kept under the Employee Retirement Income Security Act. MESCO was required to contribute funds to certain electrical industry benefit plans on behalf of its employees, represented by IBEW Local 24, based on the total number of hours they worked. The investigation found that Sewell intentionally underreported the number of hours the employees worked and failed to make the contributions to the benefit plans. The investigation was conducted jointly with the Department of Labor’s Office of Inspector General and Employee Benefits Security Administration.

**Former Union Official Sentenced to Prison for Embezzling over \$206,000**

In November 2014, Reda Overton, former executive secretary to the General Chairman of the Locomotive Engineers, International Brotherhood of Teamsters General Committee of Adjustment (GCA) 4 in Independence, Kentucky, was sentenced to 18 months of imprisonment, three years of probation, and was ordered to pay restitution of \$206,056 and a \$100 special assessment. In May 2014, Overton pled guilty to one count of embezzlement. The OLMS investigation found that Overton embezzled by wiring money from multiple GCA accounts into her personal bank account. She used the money to buy furniture and remodel a rental property.

**Former Union Employee Sentenced to Prison for Embezzling over \$340,000**

In January 2015, Ann Marie Shaffer, former dues clerk for International Brotherhood of Electrical Workers (IBEW) Local 58 in Detroit, Michigan, was sentenced to one year and one day in prison and

two years of supervised release. She was also ordered to pay \$340,267 in restitution and a \$100 special assessment. In August 2014, Shaffer pled guilty to one count of embezzling union funds. The investigation uncovered that, between September 2008 and September 2010, Shaffer stole union funds by engaging in a check substitution scheme. She received dues remittance checks from employers, set them aside without properly recording them and, when an equal amount of cash was received, embezzled the cash by replacing it with the unrecorded checks. The investigation was conducted jointly with the Department of Labor's Office of Inspector General.

#### **Four Union Officials Prosecuted for Crimes Including Extortion, Conspiracy, Mail Fraud, and Section 504 Violations**

In April 2015, John Perry, former Secretary-Treasurer of International Brotherhood of Teamsters Local 82 in South Boston, Massachusetts, was sentenced to 30 months of prison, one year of supervised release, and was ordered to pay a \$12,500 fine. Joseph "Jo Jo" Burhoe, a former representative of the union, was sentenced to 70 months of prison and three years of supervised release. Perry and Burhoe were later ordered to pay \$1,200 and \$6,695 in restitution, respectively. In November 2014, after a seven-week trial, both men were found guilty of multiple counts of Hobbs Act extortion, extortion conspiracy, racketeering, and racketeering conspiracy. Perry was also found guilty of willfully permitting Burhoe to serve as a prohibited representative of the union. Burhoe was found guilty of willfully serving in the prohibited capacity as the local's representative following his 2004 conviction for bank robbery. In September 2015, Thomas Flaherty, former Local 82 member, was sentenced to two years of probation and was ordered to pay restitution of \$21,011 and a fine of \$1,000. In June 2015, Flaherty pled guilty to three counts of mail fraud for defrauding the Massachusetts Department of Workforce Development for the collection of \$21,011 in overpaid state unemployment insurance benefits while working as a member of Local 82. In November 2015, James "Jimmy the Bull" Deamicis, former Local 82 steward, after a one-week trial, was found guilty of Hobbs Act extortion, attempted extortion, and extortion conspiracy. He also pled guilty to three counts of mail fraud and one count of theft of government property for the collection of \$41,391 in overpaid state unemployment insurance benefits. Deamicis' sentencing for all charges is set for March 2016. The four investigations were conducted jointly with the Department of Labor's Office of Inspector General, the Employee Benefits Security Administration, and the Boston Police Department.

#### **Former Union Official Gets Prison for Embezzling over \$102,000**

In April 2015, Ray L. Lineweber, former legislative director of the United Transportation Union (UTU) Nebraska State Legislative Board in Omaha, Nebraska, was sentenced to four months in prison, four months with an electronic monitoring device, and three years of supervised release. He was also ordered to pay \$102,907 in restitution and a \$100 special assessment. In January 2015, Lineweber pled guilty to one count of embezzlement from a labor organization. The OLMS investigation found Lineweber misused union funds for his personal use, including purchases of laptop computers, a TV, and more than \$24,000 in gift cards. Lineweber also falsified expense vouchers for meetings with state senators and legislators that never occurred.

#### **Former Union Officer Sentenced for Embezzling via Unauthorized Checks**

In April 2015, Sharon Ratcliff, former Secretary-Treasurer of Communications Workers of America (CWA) Local 6150 in Dallas, Texas, was sentenced to three years of probation and was ordered to pay restitution in the amount of \$79,526 and a \$100 special assessment. In January 2015, Ratcliff pled guilty to one count of embezzlement from a labor organization. The OLMS criminal investigation started after an audit found Ratcliff wrote unauthorized checks to pay for her personal expenses.

### **Prison Sentence for Former New Mexico Union Official who Embezzled over \$140,000**

In May 2015, Leonard Bridge II, former business manager for Elevator Constructors Local 131 in Albuquerque, New Mexico, was sentenced to one year in prison, three years of supervised release, and was ordered to pay \$140,877 in restitution. In September 2014, Bridge pled guilty to one count of embezzling union funds. The OLMS investigation disclosed that Bridge stole union funds for his personal use in a variety of ways, including writing unauthorized checks to himself, making unauthorized cash withdrawals from the union's bank account, and using the union's debit card to make unauthorized purchases.

### **Former Union Officer Sentenced to Prison for Wire Fraud for Taking over \$138,000**

In May 2015, Jesse E. Morgan, former President of American Federation of State, County and Municipal Employees (AFSCME) Local 1707 in Kansas City, Missouri, was sentenced to 21 months in prison, three years of supervised release, and was ordered to pay \$138,011 in restitution and a \$100 special assessment. In October 2014, Morgan pled guilty to one count of wire fraud. The OLMS investigation found that Morgan issued union checks to himself, electronically transferred union funds to pay his personal expenses, and made unauthorized withdrawals from union bank accounts. Morgan was a corrections officer at the county jail. He spent the stolen union funds on lavish trips for him and his girlfriend, a timeshare, trips to local casinos, his mortgage, and other personal expenses.

### **Former Union Fund Administrator Sentenced for Willfully Holding a Prohibited Position in Relation to an Employee Benefit Fund & Barred by Section 504 for Another 13 Years**

In June 2015, Warren J. Annunziata, former administrator for the United Craft and Industrial Workers Local 91 benefit fund in Williston Park, New York, was sentenced to two years of probation after pleading guilty to violating a federal law that prohibited him from holding a position overseeing employee benefits. In 2011, Annunziata was sentenced to prison for extorting at least \$500,000 from employers while serving as a benefit fund administrator for the school bus drivers' union. The new investigation found that he continued to control Local 91 benefit funds while imprisoned in violation of federal law. Annunziata was ordered to forfeit \$126,858 and pay a \$100,000 fine. Additionally, the court from his 2011 sentencing found that Annunziata's recent federal conviction constituted a violation of his supervised release and sentenced to him to 60 days imprisonment; therefore, his Section 504 bar restarted for a new 13-year period. The investigation was conducted jointly with the Department of Labor's Office of Inspector General and the Employee Benefits Security Administration.

### **Former Union Officer Sentenced to Prison for Embezzlement**

In July 2015, Ira Alper, former Treasurer of International Alliance of Theatrical Stage Employees (IATSE) District 9 in Madison, Wisconsin, was sentenced to four months of imprisonment and two years of supervised release including six months home detention. Alper was also ordered to pay restitution of \$41,568 and a \$100 special assessment. Alper previously paid \$35,000 in restitution. In October 2013, Alper pled guilty to one count of embezzlement of union funds totaling \$76,768. The OLMS investigation found that Alper took the majority of the funds, \$64,191, by writing 25 checks to himself and 19 checks to cash. An additional 19 checks totaling \$11,612 were written to other individuals not associated with the union.

### **Former Union Officer Sentenced for Theft for Checks to Cash and Unauthorized Withdrawals**

In August 2015, Rae Dawn Grillo, former Treasurer of the Charleroi Area Education Association (CAEA) in Charleroi, Pennsylvania, was sentenced to nine months of electronic monitoring, five years

of probation, and 200 hours of community service. She was also ordered to pay the remaining restitution of \$8,175; \$57,788 was previously paid. In February 2015, Grillo pled guilty to theft by unlawful taking or disposition – movable property for embezzling \$65,963 in association funds. The investigation found that Grillo wrote checks to cash and made unauthorized savings account withdrawals. The investigation was conducted jointly with the Department of Labor’s Office of Inspector General and the Pennsylvania State Police.

### **Former Union Officer Sentenced to Prison for Embezzling over \$273,000, Forgery, and False Records**

In September 2015, Richard Johnson, former Financial Secretary-Treasurer of Amalgamated Transit Union (ATU) Local 1433 in Phoenix, Arizona, was sentenced to 18 months of incarceration, three years of probation, and was ordered to pay \$273,489 in restitution and a \$425 special assessment. In June 2015, Johnson pled guilty to three counts of embezzlement of union assets, one count of forgery, and one count of false reporting. Days prior to the start of a planned OLMS audit, an unexplained fire in the union office destroyed all of the union’s financial records and data. The planned audit was then converted to a criminal investigation. The investigation found that Johnson, a former bus driver, used the union’s debit card for personal expenses, such as a home theater system, a family vacation, and iPods. He also stole more than \$70,000 through cash withdrawals, falsified the union’s financial records and Form LM-2 reports that he filed with DOL, and forged checks to himself and family members. The investigation was conducted jointly with the Internal Revenue Service – Criminal Investigation.

### **Former Union Officer Sentenced to Prison for Conspiracy to Commit Honest Services Fraud through Bribes and Kickbacks**

In September 2015, Paul Stewart, former Vice President of the Detroit Police Officers Association in Detroit, Michigan, was sentenced to 57 months in federal prison, three years of supervised release, and was ordered to pay a \$100 special assessment. In early 2016, Stewart was additionally ordered to pay \$175,000 in restitution. In December 2014, Stewart was found guilty of one count of conspiracy to commit honest services fraud through bribes and kickbacks. The evidence at trial showed that Detroit’s two retirement systems lost more than \$97 million on pension deals corrupted by bribes and kickbacks paid to or taken by Stewart and his co-defendants in return for votes on investment decisions made by the boards of trustees of the two pension systems, of which Stewart was a member. During the course of the conspiracy, Stewart accepted more than \$48,000 in cash, trips, meals, drinks, and other things of value in return for his support on pension deals proposed by the givers of the bribes. The investigation was conducted jointly with the Department of Labor’s Office of Inspector General, the Federal Bureau of Investigation, and the Internal Revenue Service.

### **Former Union Employee Sentenced to Jail for Grand Theft**

In September 2015, Maria Del Cupolo, former bookkeeper for Operative Plasterers’ and Cement Masons’ International Association (OPCMIA) Local 300 in Oakland, California, pled guilty to a single count of grand theft and was then sentenced to five years of probation and was ordered to pay restitution in the amount of \$96,842. In December 2015, Del Cupolo received an additional sentence of one year in the Santa Rita County jail. The OLMS investigation found Del Cupolo embezzled from the union between June 2012 and February 2013 by making unauthorized wire transfers from the union's bank account into her personal bank account. Del Cupolo was the sole person in charge of scheduling ACH transactions through Local 300’s payroll account. She scheduled 61 unauthorized payments to herself, including single and duplicate transactions. The duplicate transactions occurred at the same exact second and the only noticeable difference between

the two transactions was the last three digits of ACH trace numbers on the individual transaction sheets. Del Cupolo altered the bank statements to disguise the theft.

## 2. Protecting Union Democracy

The LMRDA establishes democratic standards for conducting union officer elections, such as the frequency and method of election, the right of members in good standing to be candidates, rights of candidates, and voting rights of members. When a union member files a timely complaint protesting a regularly scheduled election of union officers following a timely and proper internal protest, OLMS conducts an investigation. If the investigation reveals a violation of the union democracy provisions of the LMRDA that may have affected the outcome of the election, OLMS seeks a voluntary compliance agreement with the union to allow OLMS to supervise a new election. If the union does not voluntarily agree to remedy the violation, OLMS takes legal action seeking a new election supervised by OLMS. The agency also conducts investigations to determine the validity of the imposition or continuation of trusteeships imposed by national unions on subordinate bodies. Trusteeship investigations are conducted upon receipt of a complaint from a member or subordinate body.

OLMS seeks to improve the timely resolution of union officer election complaints, which is measured by the average number of elapsed days. As seen from the chart below, in FY 2015, OLMS exceeded its elapsed time performance goal of 73 days, by reducing the average number of elapsed days to resolve union officer election complaints to 70.2 days. OLMS tracks the number of election investigations and supervised elections, which are dependent upon the number of election complaints received by OLMS. The FY 2015 planning projections in those categories are based on historical averages. OLMS does not project or estimate the number of lawsuits filed or voluntary compliance agreements obtained in a year, given that such actions are dependent upon the facts of each case.

<b>OLMS Performance Goal – Union Democracy</b>	<b>FY 2015 Target</b>	<b>FY 2015 Results</b>
Number of Days to Resolve Election Complaints	73	70.2

<b>OLMS Enforcement Statistics – Union Democracy</b>	<b>FY 2015 Plan</b>	<b>FY 2015 Results</b>
Election Investigations Conducted	112	167
Lawsuits Filed	NA	3
Voluntary Compliance Agreements Obtained	NA	28
Supervised Elections Completed	29	26
Trusteeship Investigations	9	17

The following highlights some of the most significant OLMS election cases during FY 2015.

### **OLMS Supervises Nationwide NAPFE Election of National Union Officers**

In September 2014, OLMS entered into a voluntary compliance agreement with the National Alliance of Postal and Federal Employees (NAPFE) in Washington, D.C., concerning its challenged March 2014 officer election. An OLMS investigation disclosed that the union failed to provide proper notice of that election and denied eligible members the right to vote in that the union’s membership mailing

list was inaccurate. The union also permitted ineligible members to vote in the election. The union agreed to conduct new nominations and a new election for all offices under OLMS supervision. The nationwide supervised election was completed by mail ballot in April 2015.

### **ILA Local 1408 Enters into a Voluntary Compliance Agreement with OLMS**

In November 2014, OLMS entered into a voluntary compliance agreement with the International Longshoremen's Association (ILA) Local 1408 in Jacksonville, Florida, concerning a challenged election of officers it conducted in June 2014. The investigation disclosed that Local 1408 failed to provide proper notice of nominations and failed to provide proper notice of election because members were not notified that an eligibility requirement was being waived. The union agreed to conduct new nominations and a new election of officers under OLMS supervision. The supervised polling site election was completed in December 2014.

### **AFGE Council 227 Holds Delegate Election Rerun Following Investigation**

In December 2014, OLMS entered into a voluntary compliance agreement with American Federation of Government Employees (AFGE) Veterans Affairs (VA) Council 227 in Pineville, Louisiana, concerning its challenged May 2014 officer election. The investigation disclosed that the union failed to elect its officers by secret ballot vote, in violation of the AFGE Constitution and Council 227's Constitution, when the delegate voting entitlement appeared on the voted ballots and it was possible to identify how numerous votes were cast in the election. The union agreed to conduct new local delegate elections, a new election and if necessary, new nominations, for the council offices of president, treasurer, and recording secretary, under OLMS supervision. The supervised delegate election was completed in June 2015.

### **Department's Lawsuit Settled against APA Dallas-Fort Worth Domicile**

In December 2014, in the United States District Court for the Northern District of Texas, Fort Worth Division, the Department filed suit against the Allied Pilots Association (APA) Dallas-Fort Worth Domicile based in Fort Worth, Texas, concerning its April 2014 election of officers. The investigation determined that APA used an electronic voting system that could identify voters with their votes thereby violating secrecy as defined by the LMRDA. The electronic voting system also failed to provide adequate safeguards by not affording candidate observers the ability to verify that a vote was recorded and tallied accurately. In December 2015, the parties agreed to settle the litigation with the union agreeing to conduct an OLMS-supervised mail ballot election in 2016.

### **Machinists District Lodge 141 Nationwide Rerun Held**

In January 2015, OLMS entered into a voluntary compliance agreement with Machinists District Lodge 141 in Elk Grove Village, Illinois, to conduct a new election under OLMS supervision for all officer positions. The investigation of the challenged June 2014 election disclosed that the election notice mailed to members contained incorrect information about the location, polling hours, and dates of local lodge elections and that a candidate's reasonable requests for distribution of campaign literature at the candidate's expense were denied. On a single day in June 2015, the supervised election was successfully conducted throughout the United States at the 46 local lodges affiliated with Machinists District Lodge 141. The final ballot tally was conducted over a 10 day period in July 2015 at the District Lodge headquarters.

### **Department Files Lawsuit against ATU Local 1181**

In February 2015, in the United States District Court for the Eastern District of New York, the Department filed suit against Amalgamated Transit Union (ATU) Local 1181 in Valley Stream, New

York. The lawsuit seeks to nullify a challenged June 2014 election for president, vice president, financial secretary, recording secretary, and nine executive board positions, and seeks a new election under OLMS supervision. The lawsuit alleges that the union violated the LMRDA when it failed to comply with a candidate's reasonable request for distribution of campaign material to all members in good standing. The local used an incomplete list of members in good standing to mail the candidate's campaign literature, which resulted in a significant number of members not receiving it. The lawsuit also alleges that the union violated the LMRDA when it denied members in good standing the right to vote, by failing to count a significant number of voted ballots from eligible members. The lawsuit is pending final resolution.

#### **Carpenters District Council for St. Louis and Vicinity Agrees to Hold New Election**

In March 2015, OLMS entered into a voluntary compliance agreement with the United Brotherhood of Carpenters District Council for St. Louis and Vicinity in St. Louis, Missouri, concerning a challenged election in August 2014. The investigation concluded that the union failed to elect the executive secretary-treasurer by secret ballot as required by the Carpenters Constitution. The union agreed to hold a new election for the office of executive secretary-treasurer under OLMS supervision. The supervised delegate election was completed in June 2015.

#### **SMART Local 1715 Holds Rerun Election under OLMS Supervision**

In April 2015, OLMS entered into a voluntary compliance agreement with Sheet Metal, Air, Rail and Transportation Workers Union (SMART) concerning a challenged election of officers conducted by SMART Local 1715 in Charlotte, North Carolina in November 2014. The investigation disclosed that the union allowed a candidate and union officer to handle ballots; failed to publish instructions on how to obtain a replacement ballot; failed to retrieve returned undeliverable ballot packages from the post office; did not arrange for the key to the post office box to remain in the possession of the postmaster as required by the union's constitution; and failed to retain ballot return envelopes. The union agreed to conduct a new election for Local 1715 Secretary under OLMS supervision. The supervised mail ballot election was completed in June 2015.

#### **Lawsuit against APWU Local 458 Settled and New Supervised Election Conducted**

In April 2015, in the United States District Court for the District of Maine, the Department and American Postal Workers Union (APWU) Local 458 in Portland, Maine, agreed to settle the lawsuit filed by the Department in 2014 concerning the union's March 2014 officer election. The investigation determined that the incumbent president used a union list containing members' personal and work e-mail addresses to send campaign literature promoting his candidacy and the candidacy of the general vice president. The list was not provided to any other candidates. In the April 2015 Stipulation of Settlement and August 2015 Court Order, APWU Local 458 agreed to conduct a new supervised election for the office of general president and general vice president under the supervision of OLMS. The supervised mail ballot election was completed in November 2015.

#### **Department Files Lawsuit against NALC Branch 504**

In May 2015, in the United States District Court for New Mexico, the Department filed suit against National Association of Letter Carriers (NALC) Branch 504 in Albuquerque, New Mexico. The lawsuit seeks to nullify its November 2014 election for president, vice president, recording secretary, treasurer, sergeant-at-arms, and five trustee positions, and seeks a new election under OLMS supervision. The lawsuit alleges that the union violated the LMRDA when it improperly ruled an eligible candidate for president ineligible to run for office and failed to provide equal treatment to all

candidates with respect to the opportunity to publish campaign literature in the union newsletter. The lawsuit also alleges that the union failed to provide proper notice of the election to the membership. The lawsuit is pending final resolution.

**CWA Local 3122 Enters into a Voluntary Compliance Agreement with OLMS**

In May 2015, OLMS entered into a voluntary compliance agreement with Communications Workers of America (CWA) Local 3122 in Miami, Florida, concerning its challenged election of officers conducted in November 2014. The investigation disclosed that the union failed to provide adequate safeguards when nominees served on the election committee; failed to provide adequate safeguards when members were re-credentialed and voted during a voting drive; and failed to elect officers by secret ballot. The union agreed to conduct new nominations, if necessary, and a new election for the position of president, under OLMS supervision. The supervised mail ballot election was completed in July 2015.

**NALC National Union Agrees to Hold New Nationwide Election under OLMS Supervision**

In June 2015, OLMS entered into a voluntary compliance agreement with the National Association of Letter Carriers (NALC) in Washington, D.C., concerning its challenged election of national officers in October 2014. The investigation disclosed that the union improperly disqualified an eligible candidate because he attempted to accept nomination by signing the acceptance form with an electronic signature. The union agreed to hold a new mail ballot election for the office of Director of Retired Members. The nationwide supervised election was completed by mail ballot in November 2015.

**3. Labor Union and Labor-Management Transparency**

The LMRDA is predicated on the principle that union members, officers, and the general public benefit by having access to information about labor unions, their officers and employees, employers, labor relations consultants, and surety companies. To this end, OLMS administers a comprehensive reporting and disclosure program. OLMS also offers compliance assistance sessions for union members and officials on the financial reporting obligations under the LMRDA.

Unions must file annual financial reports, known as Labor-Management (LM) Reports (Forms LM-2, LM-3, LM-4, or simplified filings) with OLMS. Unions must also file trusteeship reports (Forms LM-15, LM-16) when supervision or control is established over a subordinate body. Other entities – employers (Form LM-10), labor relations consultants (Forms LM-20, LM-21), union officers and employees (Form LM-30), and surety companies (Form S-1) – are also required to file reports under certain circumstances. Reports are available for public disclosure on the OLMS Online Public Disclosure Room website, [www.unionreports.gov](http://www.unionreports.gov). OLMS also collects and maintains collective bargaining agreements (CBAs) filed by CBA signatories on a voluntary basis. CBAs are maintained by OLMS and are located at [www.dol.gov/olms/regs/compliance/cba/index.htm](http://www.dol.gov/olms/regs/compliance/cba/index.htm).

OLMS received and processed the following public disclosure reports in FY 2015.

<b>OLMS LMRDA Reports Administration</b>	<b>FY 2015</b>
Form LM-1 Labor Organization Information Reports	144
Form LM-2 Labor Organization Annual Reports	4,847
Form LM-3 Labor Organization Annual Reports	10,850
Form LM-4 Labor Organization Annual Reports	6,889

Simplified Labor Organization Annual Reports	1,246
Form LM-10 Employer Reports	978
Form LM-15 Trusteeship Reports (initial, semiannual, and 15A)	325
Form LM-16 Terminal Trusteeship Reports	49
Form LM-20 Labor Relations Consultant Agreement and Activities Reports	541
Form LM-21 Labor Relations Consultant Receipts and Disbursements Reports	100
Form LM-30 Labor Organization Officer and Employee Reports	561
Form S-1 Surety Company Annual Reports	96
Total Reports	26,626

OLMS utilizes a web-based Electronic Forms System (EFS) for completing and submitting LM reports. Implementation of EFS is being conducted in phases. Currently, Form LM-2, LM-3, and LM-4 Labor Organization reports and Form LM-30 Labor Organization Officer and Employee reports can be filed via EFS. EFS allows any filer with a web-enabled computer to complete and electronically submit an LM report without any special software or a digital signature. EFS performs calculations for the LM report and completes a form error check prior to submission to OLMS. EFS also allows unions that maintain electronic accounting records to import financial data from their accounting programs directly into their LM form. When labor organization annual reports are not filed in a timely manner or the reports filed are not acceptable, OLMS opens an investigation to obtain compliance. Additionally, when reports due from employers, labor relations consultants, and union officers and employees are not timely or properly filed, OLMS pursues delinquent and deficient reports from these entities, known as “Special Reports” cases.

In FY 2015, 100 percent of LM-2 filers, over 45 percent of LM-3 filers, over 44 percent of LM-4 filers, and over 26 percent of LM-30 filers submitted their annual reports via EFS, which has increased timely and accurate filing. In FY 2015, OLMS exceeded its performance goal by increasing the percent of all LM reports filed electronically to 49 percent. OLMS also tracks the numbers of delinquent and deficient reports and special reports cases completed. The FY 2015 planning projections in those categories are largely based on historical averages. Enhanced OLMS outreach efforts have improved timely reporting compliance resulting in fewer than projected special reports cases, as noted in the chart below.

<b>OLMS Performance Goal – Reporting and Disclosure</b>	<b>FY 2015 Target</b>	<b>FY 2015 Results</b>
Percent of Reports Filed Electronically	44.5%	49%

<b>OLMS Enforcement Statistics – Reporting and Disclosure</b>	<b>FY 2015 Plan</b>	<b>FY 2015 Results</b>
LM-2/3/4 Delinquent Reports Cases Completed	1,732	1,934
LM-2/3/4 Deficient Reports Cases Completed	153	231
Special Reports Cases Completed	77	62

#### **4. Employee Protections**

OLMS’ Division of Statutory Programs (DSP) administers responsibilities under federal transit law by ensuring that fair and equitable arrangements protecting mass transit employees are in place before the release of federal transit assistance. When federal funds are used to acquire,

improve, or operate a transit system, federal law requires that arrangements must be made to protect the rights of affected mass transit employees. These arrangements must be approved by OLMS before the U.S. Department of Transportation's Federal Transit Administration (FTA) can release funds to mass transit employers.

In FY 2015, DSP certified 1,738 federal transit grants, with 99% percent of grants (1,719 of 1,738) certified within a 45-day timeframe, well under the 60 days permitted by guidelines. More information about employee protections under federal transit law can be found at [www.dol.gov/olms/regs/compliance/compltransit.htm](http://www.dol.gov/olms/regs/compliance/compltransit.htm).

## 5. Compliance Assistance

In FY 2015, OLMS undertook the following initiatives as part of a comprehensive compliance assistance program to educate unions, union officials, employers and consultants about the LMRDA:

- OLMS continued its program of structured, nationwide compliance assistance seminars, but sought to reduce the number of sessions while increasing attendance through enhanced recruitment. The goal of this program is to provide an opportunity each year for the officers of every labor organization to attend a compliance assistance seminar. The content of the compliance assistance seminar is similar throughout the country so that every officer in attendance benefits from the same material. In FY 2015, OLMS conducted compliance assistance seminars for 3,585 attendees. In total, OLMS recorded 15,307 contact hours of compliance assistance (i.e., the number of participants multiplied by the number of hours of instruction).
- OLMS continued to be responsive to all specific requests for compliance assistance seminars. OLMS also received and responded to hundreds of requests for information and interpretations.
- OLMS continued to strengthen and reinvigorate its voluntary compliance partnerships, through the Voluntary Compliance Partnership (VCP) program reinstated in FY 2014, as a key tool for promoting compliance. VCP is a strategic effort that leverages leadership at 43 international and national unions to improve the compliance of over 16,000 affiliates. Ultimately, VCP aims to demonstrate the impact of a national compliance program on important objectives, e.g., timely reporting, utilization of EFS, bonding coverage and other items examined in OLMS audits. OLMS leadership met with the chief financial officers and staff of 33 of the participating internationals, emphasizing the importance of compliance. These efforts accounted for well over 1,000 of the 15,307 compliance assistance contact hours OLMS achieved in FY 2015. VCP is an important driver in OLMS' overall approach to providing compliance assistance.
- OLMS managed a public email address, enabling it to respond to 1,921 inquiries and requests in the year.
- OLMS continued its Persuader Reporting Orientation Program (PROP) for employers hiring consultants in National Labor Relations Board (NLRB) certification elections. OLMS sent a letter to employers and representatives listed in certification petitions advising them of their potential reporting responsibilities under Section 203 of the LMRDA. OLMS also continued its Labor Organization Orientation Program (LOOP), which distributed information letters to newly covered labor organizations.