



March 9, 2020

Mr. Larry Rutherford, President  
Sheet Metal, Air, Rail, and Transportation Workers  
Local 1904  
11707 Long Play Lane  
Houston, TX 77044

Case Number: 420-6017396  
LM Number: 004419

Dear Mr. Rutherford:

This office has recently completed an audit of Sheet Metal, Air, Rail, and Transportation Workers (SMART) Local 1904 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 Chad Sandel on March 6, 2020, 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 1904's 2018 records revealed the following recordkeeping violation:

#### Meal Expenses

Local 1904's records for union officers' reimbursement of meal expenses totaling at least \$148.51 did not always include the names of the persons who participated in meals and/or

explanations of union business purpose. 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.

The OLMS Compliance Tip, *Union Credit Card Policy*, which I provided during the exit interview, will provide further guidance on this matter.

Based on your assurance that Local 1904 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

### Reporting Violation

#### 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 changes are made to the constitution or bylaws. Local 1904 amended its constitution and bylaws in December 2015, but did not file a copy with the LM report for that year.

As agreed, Local 1904 will file a copy of its current constitution and bylaws with OLMS as soon as possible, but not later than March 20, 2020.

I want to extend my personal appreciation to SMART Local 1904 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. Chad Sandel, Secretary-Treasurer