



June 7, 2022

Mr. Carl Rosen, General President
Electrical Workers UE NHQ
4 Smithfield Street, 9th Floor
Pittsburgh, PA 15222

Case Number: 041-6023003 [REDACTED]
LM Number: 000058

Dear Mr. Rosen:

This office has recently completed an audit of Electrical Workers (UE) under the International Compliance Audit Program (I-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, Secretary Treasurer Andrew Dinkelaker, and Office Manager Joanne Caporoso on June 6, 2022, the following problems were disclosed during the I-CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope. Based on your assurance that UE will remedy the areas of non-compliance with the LMRDA, OLMS will take no further action regarding the audit findings at this time.

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 (unless electronically maintained) 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 UE's July 2020-June 2021 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

UE did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$11,900. For example,

Eastern Region President Donna Morgan incurred expenses on her union-issued credit card for lodging, software, and other items, totaling at least \$700, but no supporting documentation was retained. As another example, General Secretary Treasurer Andrew Dinkelaker incurred charges at the Holiday Inn Express (Las Vegas, NV), totaling at least \$1,300, but no supporting documentation was retained. Credit card statements alone are not sufficient to fulfill the recordkeeping requirements.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements, unless true copies are maintained electronically. 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. Receipt Dates not Recorded and Failure to Record Receipts

During the audit year, UE did not regularly record the dates it received checks at the union office. UE recorded the receipt dates for per capita tax receipts; however, the other receipts such as rent and insurance refunds were not recorded in the duplicate receipt book until the receipt was deposited. In addition, UE failed to record the date, amount, and source of organizing reimbursements and a Paycheck Protection Program (PPP) loan, totaling at least \$1,085,000.

Union receipts records must show the date received, amount, and source of receipts. The date, amount, and payee of receipts is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Failure to Record Disbursements

During the audit year, UE did not regularly record the date, amount, and payee of disbursements, totaling at least \$152,000. For example, UE disbursed funds to its credit card vendor and pension plan, but the date, payee, and amount of these disbursements were not recorded in any union records. Union records must include an adequate identification of all money the union disburses. The dates, amounts, and payees are required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2.

Based on your assurance that UE will retain adequate documentation in the future to comply with the requirements outlined above, OLMS will take no further enforcement action at this time regarding these issues.

Reporting Violations

Section 201(b) of LMRDA requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. UE is required to file the Labor Organization Annual Report (LM-2), based total annual receipts of \$250,000 or more. The audit revealed the following reporting violations:

1. Failure to File LM-2 Reports by the Due Date

The president and treasurer, or corresponding principal officers, of each labor organization are required to file an annual financial report accurately disclosing the union's financial condition and operations. UE has failed to file its annual financial report with OLMS by the due date required by Section 201(b) of the LMRDA since at least 2009. From fiscal year 2009-2019, UE filed its LM report an average of 277 days late. To date, UE has failed to file its annual financial reports for fiscal years ended June 30, 2020 and June 30, 2021. Section 201(b) requires that annual financial reports be filed within 90 days after the end of the labor organization's fiscal year. UE's fiscal year ends on June 30th; therefore, the union must file its annual financial report by September 28th of each year.

2. Failure to File Constitution

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. UE amended its constitution six times between 2009 and 2019 but did not file a copy with its LM report for those years. UE has now filed a copy of its updated constitution.

UE has agreed to file fiscal year end June 30, 2020 report by September 30, 2022. UE has agreed to file fiscal year end June 30, 2021 report by December 31, 2022. UE has agreed to June 30, 2022 report (due September 28, 2022) by March 31, 2023, and timely file all future reports it files with OLMS. Further failure to file these reports may result referral for appropriate legal action.

Affiliate Violations

Section 201(a) of the LMRDA requires every covered labor organization to adopt a constitution and bylaws and file a copy with the Secretary of Labor. A report providing organizational information including statements about its operating procedures, names and titles of officers, initiation fees, dues, and references to various constitutional provisions must be filed along with the constitution and bylaws. Section 201(b) requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The audit found significant areas of non-compliance with the LMRDA. While LMRDA compliance is the affiliates' responsibility, OLMS identified significant issues and recommends UE provide guidance to these subordinate unions:

1. Affiliates Failure to File

The audit revealed Local 115, 696, 1011, and 8515 failed to file their Labor Organization Information Report (Form LM-1) and annual financial reports with OLMS. Section 201(a) requires that Form LM-1 be filed 90 days after the date on which a labor organization becomes subject to the LMRDA. Section 201(b) requires annual financial forms must be filed within 90 days after the end of the labor organization's fiscal year.

2. Affiliate Annual Financial Report Signatures

The audit revealed that you signed at least 13 affiliate LM reports and Mr. Dinkelaker signed at least 19 affiliate LM reports in Items 57-58 (Signatures) of the LM-3 and Items 20-21 (Signatures) of the LM-4. None of the affiliates were under trusteeship by UE at the time the reports were filed. In addition, two auditor email addresses and one former officer email address was used to register and sign reports for 159 local union officers. The LM instructions require the reports be signed by both the president and treasurer, or corresponding principal officers, of the labor organization. Although the international representatives may assist local officers in the preparation of reports, there is no exception permitting international representatives to sign reports for local unions or officers.

UE advised it will assist its affiliates in filing the necessary, timely, and accurate reports with OLMS. In addition, UE advised it will discontinue its practice of having the UE auditor affix local union officer signatures to LM reports on their behalf.

Other Issues

1. Failure to Hold an Audit

During the audit, Mr. Dinkelaker advised that no external audits or financial compilations have been conducted since 2019. Article 10 (General Executive Board), Section J, of the UE Constitution states, "It shall order an audit the of the national union by a public accountant." Periodic audits are an effective internal control of union funds. OLMS recommends UE review its audit plans to improve internal control of union funds.

2. Accounting Software

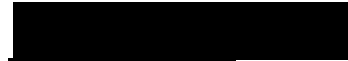
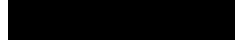
During the audit, Mr. Dinkelaker advised that the preparation of UE's LM reports for fiscal years 2019, 2020, and 2021 and UE's annual external audits have been significantly delayed because of the UE's outdated software. The accounting software generates a check register. However, the check register is not integrated with UE's payroll and receipts. Therefore, a general ledger must be manually created each year to complete the LM report and annual audit. OLMS recommends UE review its bookkeeping and accounting procedures to improve internal control of union funds.

3. Signature Stamps

During the audit, Mr. Dinkelaker advised that it is UE's practice for bookkeeping staff to prepare all union checks and to stamp the signature of you and Mr. Dinkelaker on union checks. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for one or both signers does not attest to the authenticity of the completed check and negates the purpose of the two-signature requirement. OLMS recommends that UE review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UE 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,

Lead Investigator
International Compliance Audit Program

cc: Mr. Andrew Dinkelaker, General Secretary Treasurer (via email)