



March 27, 2020

Mr. Curtis Persons, Treasurer
SMART Local 1092
[REDACTED]
Teague, TX 75860

Case Number: 420-6017425 [REDACTED]
LM Number: 044974

Dear Mr. Persons:

This office has recently completed an audit of SMART Local 1092 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 President Jeff Jones on March 19, 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 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 1092's 2018 records revealed the following recordkeeping violations:

1. Disbursements for Contributions, Gifts, and Grants

Local 1092 did not retain adequate documentation for donations totaling \$2,865.00. The local made donations to local youth organizations and two members for medical expenses incurred due to an accident.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements, including meeting minutes which show approval. 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. Officer Salary and Allowances

Local 1092 did not retain adequate documentation for reimbursement expenses incurred by General Chairman Tony McAdams and Vice Chairman Joel Taylor totaling \$2,879.39. For example, officers were reimbursed for phone, travel, and flowers.

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.

3. Lost Wages

The local did not retain adequate documentation for lost time reimbursement payments to General Chairman Tony McAdams totaling \$28,460.06 and Vice Chairman Joel Taylor totaling \$14,465.72. 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 1092 retained crew history reports and hand written logs. Officers did not identify the hours they would have worked or purpose of pay amounts (such as day/trip rate, overtime, and any additional payments for meals, additional coordinator rate, or short crew pay).

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1092 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.

Based on your assurance that Local 1092 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 1092 for the fiscal year ended December 31, 2018, was deficient in the following area:

Disbursements for Contributions, Gifts, and Grants

Local 1092 did not properly report \$2,865.00 in donations to local youth organizations and two members for medical expenses incurred due to an accident. The local reported donations in Item 48 (Office and Administrative Expense). The local must report donations in Item 51 (Contributions, Gifts, and Grants).

Local 1092 must file and amended Form LM-3 for the fiscal year ended December 31, 2018, to correct the deficient items discussed above. Local 1092 has now filed the amended Form LM-3.

I want to extend my personal appreciation to SMART Local 1092 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. Jeff Jones, President
Mr. Cody Myers, Vice President
Mr. Tony McAdams, General Chairman
Mr. Glen Welch, Jr., Vice Chairman
My Joel Taylor, Vice Chairman