

2019 Annual Report



Office of Labor-Management Standards

U.S. Department of Labor

Andrew D. Auerbach, Deputy Director

IN MEMORIAM—ARTHUR F. ROSENFELD

Arthur F. Rosenfeld, the Director of the Office of Labor-Management Standards, passed away on May 16, 2020. In the words of Secretary of Labor Eugene Scalia, “the Department and the labor and employment bar have lost an accomplished lawyer and public servant, admired colleague, and treasured friend.”

Director Rosenfeld had more than 40 years of labor law and labor-management experience in the private and public sectors. He managed three key Federal agencies instrumental in labor-management relations, collective bargaining, and dispute mediation and arbitration. He managed each agency with a combination of unsparing intellect and warm humor.

Director Rosenfeld began his work with OLMS in July of 2018. While OLMS Director, the agency engaged in multiple complex rulemakings, which eased regulatory burdens and increased labor organization transparency and financial integrity. Under his leadership, OLMS processed billions of dollars of mass transit grant applications, enabling transit authorities to receive grant funds while ensuring that mass transit employees were protected. He also reintroduced a long-dormant international compliance audit program, focusing on the most difficult and complex labor organization finances.

Director Rosenfeld strengthened a voluntary compliance program by providing approximately 40 international and national union partners with compliance assistance tools and information. While leading OLMS, he introduced new training programs to ensure that OLMS investigators had the skills they needed to accomplish the agency’s mission. Ever mindful of our agency’s history, he joined the Deputy Secretary of Labor in commemorating the 60th Anniversary of the Landrum-Griffin Act with a Department of Labor Hall of Honor induction ceremony.

Director Rosenfeld held a JD from Villanova School of Law, an MBA from Lehigh University, and a BA from Muhlenberg College. He was a member of the District of Columbia Bar and the Bar of the Supreme Court of the United States.

Director Rosenfeld was a labor law attorney for the U.S. Chamber of Commerce from 1979 to 1984, and worked as a litigation attorney for Hansell & Post from 1984 to 1986. From 1986 to 1997, he held various positions in the Department of Labor, including Acting Associate Deputy Secretary of Labor and Special Assistant to the Solicitor. He served as Senior Labor Counsel of the Senate Committee on Health, Education, Labor, and Pensions from 1997 to 2001.

The Senate unanimously confirmed Arthur F. Rosenfeld to be General Counsel of the National Labor Relations Board on May 26, 2001. There he served, until 2006, as chief prosecutor with final authority concerning investigation of charges and issuance and prosecution of complaints arising under the National Labor Relations Act.

From 2006 to 2009, he was the 16th Director of the Federal Mediation and Conciliation Service. While heading this independent Federal agency, whose primary mission is to prevent or minimize labor-management disputes, he personally mediated disputes of national impact, including helping to end a 52-day national strike by members of the International Association of Machinists and Aerospace Workers against the Boeing Company in 2008.

Later, as a private attorney, Director Rosenfeld maintained a practice specializing in labor-management dispute resolution, arbitration and mediation. He also worked for the District of Columbia Public Employee Relations Board Hearing Office.

Prior to joining OLMS, Director Rosenfeld served as Senior Counselor to the Solicitor of Labor. In that role, he provided advice to the Solicitor of Labor on representing the Secretary and client agencies in all necessary litigation, including enforcement actions and defensive litigation, and in alternative dispute resolution activities. “Arthur was an exceptional attorney and an even better friend,” said Solicitor of Labor Kate O’Scannlain. “He had a larger-than-life presence and a razor-sharp sense of humor and wit. May God bless Arthur and may he rest in eternal peace. We will miss him dearly.”

The Office of Labor-Management Standards extends heartfelt condolences to the family of Director Rosenfeld. He was an exceptional individual who led with decisiveness and vision. His lifelong dedication to the rule of law and to labor-management harmony and equity has left a lasting impact on OLMS and on our Nation’s employers and workers.

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 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. Unions representing U.S. Postal Service employees became subject to the LMRDA with the passage of the Postal Reorganization Act of 1970. 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 to pursue this important mission through criminal and civil enforcement of the LMRDA.

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

- 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; and
- 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 administers the Department’s responsibilities under the Federal Transit Act by ensuring that 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 violations of the LMRDA involving union election procedures, financial disclosure requirements, and trusteeship standards. OLMS also conducts audits of union finances.

Compliance assistance also plays a major role in 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 2019 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 2019 criminal actions is located on the OLMS website for calendar years 2018 and 2019.
- Section 2 presents key FY 2019 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. A listing of all FY 2019 voluntary agreements for OLMS-supervised union officer elections for calendar years 2018 and 2019 is located on the OLMS website. FY 2019 court actions for election investigations for calendar years 2018 and 2019 are located on the OLMS website. 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 2019 reporting, enforcement, and performance results. Reports are available for public disclosure on the OLMS Online Public Disclosure Room website, www.unionreports.gov.
- Section 4 summarizes grant certification activity pursuant to the section 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 2019.

OLMS Annual Reports for 2004–2018 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. Because it is not feasible to audit every union, OLMS developed a methodology to direct its auditing resources to unions where criminal activity is more likely to be found. The effectiveness of this methodology is measured by the percentage of audits resulting in the opening of a “fallout” criminal case.

In FY 2019, OLMS exceeded its performance goal by achieving a fallout rate of 19 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.

OLMS Performance Goal – Financial Integrity	FY 2019 Target	FY 2019 Results
Percent of Audits Resulting in a Criminal Case	16%	19%

OLMS Enforcement Statistics – Financial Integrity	FY 2019 Plan	FY 2019 Results
Criminal Investigations Completed	204	241
Indictments	80	84
Convictions	80	60
Compliance Audits Conducted	227	252

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 assets commits a federal crime punishable by imprisonment or fine, or both. OLMS is responsible for investigating these crimes. Further, section 504 of the LMRDA prohibits individuals convicted of certain crimes from holding union office or employment or serving in other prohibited capacities. The bar continues for 13 years after conviction or after the end of imprisonment, whichever is later. The following are some of the most significant criminal enforcement actions from FY 2019.

More Former Union Officials Pleaded Guilty and Sentenced for Union-Auto Industry Corruption

In 2019, the ongoing investigation of union and auto industry corruption involving the United Auto Workers International Union (UAW) in Detroit, Michigan, produced additional criminal prosecutions in the United States District Court for the Eastern District of Michigan. The joint investigations conducted by OLMS, the Department of Labor’s Office of Inspector General, the Federal Bureau of Investigation, and the Internal Revenue Service focused on criminal conspiracies in which UAW officials committed fraud and embezzlement, took bribes and kickbacks, and laundered money. In August 2019, Norwood Jewell, former UAW Vice President of the Chrysler Department and former Director of the UAW-Chrysler National Training Center (NTC), was sentenced to 15 months in prison and 12 months of supervised release. Jewell had previously pleaded guilty for conspiracy to violate the Labor Management Relations Act for funneling money and things of value from Fiat Chrysler Automobiles (FCA) to UAW officials and to use their NTC credit cards to make more than \$40,000 in purchases for himself, senior UAW officials, and other UAW members that were delivered through and concealed by the NTC. In 2019, Michael Grimes and Jeffery Pietrzyk, two former senior officials in the General Motors Department of the UAW, both pleaded guilty to one count of conspiracy to commit honest services wire fraud and one count of conspiracy to commit money laundering. They will be sentenced in 2020. Together with the seven individuals prosecuted previously, Jewell, Grimes, and Pietrzyk brought the total to 10 defendants who have pleaded guilty and eight who have been sentenced in the ongoing criminal investigation into corruption within the UAW and FCA. Additional union officials are under prosecution in FY 2020.

Former Union Employee Sentenced to Prison for Embezzling over \$154,000

In October 2018, Joan Matthews, former bookkeeper for the Charleston Building and Construction Trades Council in Charleston, West Virginia, was sentenced to 12 months and one day of incarceration followed by three years of supervised release. She was also ordered to pay \$141,325 in remaining

restitution, having previously repaid \$13,300. In June 2018, Matthews pleaded guilty to one count of embezzlement of union funds. The OLMS investigation found that from 2010 through September 2014, Matthews embezzled union money by cashing unauthorized union checks, using union funds to pay credit card bills, and making personal charges to the union credit cards.

Former Union Officer Sentenced to Prison for \$248,000 Embezzlement and False Statements

In December 2018, Gregory Normand, former Secretary-Treasurer of International Association of Sheet Metal, Air, Rail and Transportation Workers Local 324 in Everett, Washington, was sentenced to 18 months in a federal penitentiary and three years of supervised release. He was also ordered to pay restitution totaling \$217,260. In July 2018, Normand pleaded guilty to one count of embezzling more than \$248,000 in union funds and two counts of making false statements. The OLMS investigation found that over a six-year period Normand used a number of schemes to embezzle union funds. He issued fraudulent lost-time payments to himself, paid himself twice for union expenses, altered checks to himself for amounts higher than was authorized, and wrote duplicate reimbursement checks to himself for money the Internal Revenue Service garnished. Normand also repeatedly made false statements on Labor-Management (LM) forms regarding the amount of money he had been paid.

Former Union Officer Sentenced to Prison for Embezzlement and Conspiracy and Two Accountants Sentenced for Reporting Violations

In January 2019, Rocco Fazzolari, former President of International Brotherhood of Trade Unions Local 122, an independent union located in Long Island, New York, was sentenced to 37 months in prison and three years of supervised release, and he was ordered to pay \$1,288,810 in restitution. In September 2018, Fazzolari pleaded guilty to embezzlement of union funds, embezzlement of benefit plan funds, and conspiracy to embezzle plan funds. In February 2019, Salvatore Armao, the managing partner of an accounting firm whose clients included Local 122, was sentenced to two years of supervised release to include six months of home confinement, and ordered to pay \$9,592 in restitution, \$18,700 in forfeiture, and a \$3,000 fine. In August 2018, Armao pleaded guilty to making false statements in employee benefit plan records and reports, including false filings that concealed Fazzolari's embezzlement. In March 2019, Karen Auer, a former principal of an accounting firm, was sentenced to one year of supervised release and ordered to pay \$7,194 in restitution. In August 2018, Auer pleaded guilty to filing fraudulent returns, statements, or other documents. The investigations were conducted jointly with the U.S. Attorney's Office for the Southern District of New York, the Department of Labor's Office of Inspector General, and DOL's Employee Benefits Security Administration, with assistance from the Federal Bureau of Investigation and the Department of Justice's Labor-Management Racketeering Unit.

Former Union Officer and Associate Sentenced for Health Care Fraud Scheme

In January 2019, Sergio Acosta, former President and Trustee of United Auto Workers Local 2326 and the Local 2326 Health and Welfare Fund in Edison, New Jersey, was sentenced to three years of supervised release and ordered to pay \$32,000 in restitution following a guilty plea for theft or embezzlement from an employee benefit plan. In January 2020, Lawrence Ackerman, former health insurance broker for the health and welfare fund, was sentenced to six months of incarceration, six months of home confinement, and two and half years of supervised release following a guilty plea for health care fraud and aiding and abetting. Ackerman defrauded Horizon Blue Cross Blue Shield (Horizon BCBS) of New Jersey by enrolling ineligible participants who were purported employees of his

sham companies Atlantic Business Associates and Atlantic Medical Associates, in the benefit plan of UAW Local 2326, which had an insurance contract with Horizon BCBS. Ackerman entered into a collective bargaining agreement with the union even though his companies did not have any full-time employees eligible for participation in the benefit plan. The resulting loss to Horizon BCBS for the purposes of the plea was approximately \$481,500. However, Ackerman agreed to make full restitution on the \$6 million dollar loss to Horizon BCBS and \$1 million dollar loss to the benefit plan. Ackerman's restitution will be ordered on a later date. The investigations were jointly conducted with the Department of Labor's Office of Inspector General and the Employee Benefits Security Administration, and led by the New Jersey U.S. Attorney's Office.

Five Individuals Convicted for Crimes Impacting Two Local Unions

In 2019, a long-term investigation of United Food and Commercial Workers (UFCW) Local 1D (Wine, Liquor and Distillery Workers Local 1) and UFCW Local 2D (Wine and Spirit Salespersons) both located in Brooklyn, New York, produced four criminal convictions in the United States District Court for the Southern District of New York. A 2018 indictment alleged that five individuals—Vincent Esposito, Vincent D'Acunto (former Local 2D Secretary-Treasurer), Frank Cogna (former Local 1D Secretary-Treasurer), Steven Arena, and Frank Giovinco—were each a member or associate of the Genovese Organized Crime Family of La Cosa Nostra (the Mafia). From 2001 to 2017, these five individuals, along with other Genovese members and associates, committed a wide range of crimes, including multiple acts of extortion, honest services fraud, and bribery. In particular, Esposito conspired with Arena and D'Acunto to extort annual cash payments from an officer at a labor union by threatening the officer with violence and the loss of the officer's job. Cogna engaged in schemes to defraud his union of his honest services by, among other things, soliciting and accepting bribes and steering union benefit plans into investments in exchange for kickbacks. Esposito, D'Acunto and Cogna pleaded guilty to racketeering conspiracy. In July 2019, Esposito was sentenced to two years in prison and ordered to pay \$3,816,865 in forfeiture and a \$20,000 fine. In August 2019, D'Acunto was sentenced to 10 months in prison. In September 2019, Cogna was sentenced to two years in prison. In November 2019, Arena was sentenced to one year and one day in prison and ordered to pay \$276,500 in forfeiture following his guilty plea for extortion. All were also sentenced to three years of supervised release. In December 2019, Giovinco was convicted at trial of racketeering conspiracy and extortion conspiracy, including multiple acts impacting UFCW Locals 1D and 2D. This joint investigation was conducted with the U.S. Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, the New York City Police Department, and the Department of Labor's Office of Inspector General.

Former Union Officer Sentenced to Prison for Embezzling over \$362,000

In March 2019, Mervin Hawk, former President of American Federation of State, County and Municipal Employees Local 1640 in Detroit, Michigan, was sentenced to 30 months in prison and three years of supervised release. Hawk was also ordered to pay \$362,623 in restitution. In November 2018, Hawk pleaded guilty to one count of embezzling union funds. The investigation found that from 2013 through 2015, Hawk embezzled more than \$100,000 from the union's primary account as sole signatory and diverted most of these funds into his personal bank account. Hawk also opened two more bank accounts in the union's name without authorization. He then deposited some \$200,000 in union dues into these unauthorized accounts and used the money for personal expenses. The investigation was conducted jointly with the Department of Labor's Office of Inspector General and the Federal Bureau of Investigation.

Former Union Official and Associate Sentenced for Conspiracy

In July 2019, Howard Janoske, the co-owner of an HVAC and plumbing company in Maryland, was sentenced to six months of home confinement and two years of supervised probation. He was also ordered to pay restitution of \$23,367, and an asset forfeiture order for \$92,432 was issued. In November 2019, Michael Carney, former facilities and real estate manager for an international labor organization in Herndon, Virginia, was sentenced to eight months of home confinement and two years of supervised probation. Both individuals were fined \$25,000. In 2019, Janoske and Carney each pleaded guilty to one count of conspiracy to commit wire fraud and embezzle union funds for conspiring with each other and others. The investigation revealed that Janoske provided Carney with tens of thousands of dollars in kickbacks and personal benefits in exchange for preferential treatment in the awarding of service agreements and maintenance contracts to Janoske's company. Janoske, and others at his company, submitted inflated and fraudulent invoices to the union, with Carney's knowledge, to recoup the expenses for these personal benefits. The investigations were conducted jointly with the Department of Labor's Office of Inspector General.

Former Union Officer Sentenced to Prison for Embezzling over \$108,000

In July 2019, John Matassa Jr., former Secretary-Treasurer of Amalgamated Workers Union Independent Local 711 in Mount Prospect, Illinois, was sentenced to six months in prison and 12 months of supervised release, of which six months will be home confinement. Matassa was also ordered to pay \$33,513 in restitution to Local 711 and \$22,948 in restitution to the Social Security Administration (SSA). SSA had already withheld \$52,160 from Matassa's Old-Age Insurance benefit payments as part of his restitution. In February 2019, Matassa pleaded guilty to one count of embezzling union funds. The investigation found that in February 2013 Matassa started diverting his Local 711 salary to his wife Lynn by issuing them both weekly salary checks while he continued to perform all the secretary-treasurer duties. In April 2013, John applied early for Old-Age Insurance Benefits with the SSA, which were subject to withholding. Due to John's diversion of a portion of his salary payments to Lynn, he received about \$75,108 in Old-Age Insurance Benefits to which he was not entitled. The investigation was conducted jointly with the Department of Labor's Office of Inspector General and the SSA's Office of Inspector General.

Former Union Officer Sentenced to Prison for Embezzling over \$676,000

In August 2019, Danny Woodcock, former President of International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers-Communications Workers of America Local 83770 in Columbus, Mississippi, was sentenced to 46 months in tprison, to be followed by three years supervised release. Woodcock was also ordered to pay \$519,963 in restitution, which is in addition to the \$156,505 he repaid prior to sentencing. In August 2018, Woodcock pleaded guilty to one count of embezzlement of union funds. Woodcock served as the union's president for approximately 15 years until his removal in October 2016. The OLMS investigation found that Woodcock transferred or deposited union funds directly into his personal bank account for his own use.

Former Union President Sentenced to Prison for Bank Fraud for Embezzling over \$82,000

In September 2019, Annette Jones, former Secretary-Treasurer of American Federation of Government Employees Local 331 in Perry Point, Maryland, was sentenced to two years in prison followed by three

years of supervised probation. Jones was also ordered to pay restitution of \$82,180. In May 2019, Jones pleaded guilty to one count of bank fraud for embezzling \$82,180 from the union by writing checks to herself, forging the signature of other union officers on 335 checks, and making personal purchases with the union credit card. The investigation was conducted jointly with the Department of Veterans Affairs' Office of Inspector General.

Former Union Official Sentenced to Prison for Mail Fraud and Embezzling over \$125,000

In September 2019, Theodore E. Watson, former business manager for Insulators Local 74 in Des Moines, Iowa, was sentenced to 18 months in prison followed by three years of supervised probation. Watson was also ordered to pay restitution of \$125,443. In April 2019, Watson pleaded guilty to one count of embezzlement and one count of mail fraud. The OLMS investigation found that from 2007 until September 2016, Watson sent fraudulent and unauthorized requests for payment of grant funds for training to the United Way of Central Iowa. He also made unauthorized purchases and cash advances on a union credit card and then concealed the fraud by submitting altered credit card statements and false monthly reports to Local 74. Watson also opened a bank account in the union's name without the union's consent or knowledge, and then diverted union funds into this account for his personal use.

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 member voting rights. 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 national unions impose 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 between the receipt of the complaint and its resolution. In FY 2019, OLMS exceeded its elapsed time performance goal of 69 days, by reducing the average number of elapsed days to resolve union officer election complaints to 65.6 days. OLMS tracks the number of election investigations and supervised elections, which is dependent upon the number of election complaints OLMS receives. The FY 2019 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 these actions are dependent upon the facts of each case.

OLMS Performance Goal – Union Democracy	FY 2019 Target	FY 2019 Results
Number of Days to Resolve Election Complaints	69	65.6

OLMS Enforcement Statistics – Union Democracy	FY 2019 Plan	FY 2019 Results
Election Investigations Conducted	106	100
Lawsuits Filed	NA	3
Voluntary Compliance Agreements Obtained	NA	19
Supervised Elections Completed	28	24
Trusteeship Investigations	9	18

The following highlights some of the most significant OLMS election cases during FY 2019.

State, County and Municipal Employees Council 4 Agrees to Hold Rerun Election

In October 2018, OLMS entered into a voluntary compliance agreement with American Federation of State, County and Municipal Employees Council 4, located in New Britain, Connecticut, concerning its May 2018 election of officers. The investigation concluded that the union failed to provide adequate safeguards to ensure a fair election when it applied an unlawful restriction that denied qualified nominees the right to run for office and also denied delegates the opportunity to vote between qualified nominees for the same office. The union agreed to conduct new nominations and a new election for executive director, president, secretary, and 17 vice president positions under OLMS supervision. The supervised election in this 30,000-member statewide council was completed in March 2019.

The Department Files and then Settles Lawsuit against Steelworkers Local 1940

In November 2018, in the United States District Court for the Middle District of Pennsylvania, the Department filed suit against Steelworkers Local 1940, located in Lewistown, Pennsylvania. In March 2019, a Stipulation of Settlement and Order was entered to resolve the lawsuit. The Stipulation and Order provided that the Department would supervise new nominations and a new election for the Local 1940 offices of president, vice-president, recording secretary, financial secretary, treasurer, inside guard, outside guard, guide, three trustees, and nine unit presidents. The lawsuit sought to set aside the union’s April 2018 election after the OLMS investigation concluded that the union imposed an unreasonable candidate qualification requirement when the union required candidates to have attended seven membership meetings of the local for the two-year period prior to the election. The meeting attendance requirement resulted in 98 percent of the membership being ineligible to be a candidate and hold office. The OLMS-supervised polling site election was completed in June 2019.

Communications Workers Local 9003 Agrees to Settle Lawsuit and Hold New Election

In February 2019, in the United States District Court for the Central District of California, a Stipulation of Settlement and Order was entered to resolve the Department’s lawsuit against Communications Workers Local 9003, located in Burbank, California. The Stipulation of Settlement and Order provided that the Department would supervise new nominations and a new election for the offices of president, executive vice president, secretary treasurer, vice president—AT&T, vice president—Verizon, two executive board members—Verizon, and five executive board members—AT&T. The May 2018 lawsuit sought to set aside the union’s October 2017 election for those offices. The lawsuit alleged that Local 9003 failed to provide a nominations notice reasonably calculated to inform all members of the offices to be filled in the election, as well as the time, place, and form for submitting nominations. The OLMS-supervised election was completed in August 2019.

Postal Workers Local 67 Agrees to Hold Rerun Election under OLMS Supervision

In February 2019, OLMS entered into a voluntary compliance agreement with American Postal Workers Union Local 67, located in Kansas City, Missouri, concerning a December 2018 election of union officers. Local 67 agreed to hold new nominations and a new election for the positions of president; executive vice president; secretary/treasurer; sergeant-at-arms; editor; industrial relations director; clerk craft director; clerk craft chief stewards of tours I, II, III, and stations and branches; coordinators of offices with 25 or more members; motor vehicle director; chief steward motor vehicle drivers (A); chief steward motor vehicle drivers (B); maintenance director; chief steward maintenance (A); chief steward maintenance (B); and delegates to state and national conventions. The investigation concluded that the local did not provide adequate notice of nominations when it mailed a complete notice to only a portion of the membership and failed to post a complete notice on bulletin boards at worksites. Local 67 also posted notices of the nominations membership meeting that contained the wrong date. The OLMS-supervised mail ballot election was completed in May 2019.

Department Files Lawsuit against International Longshore and Warehouse Union (ILWU)

In April 2019, in the United States District Court for the Northern District of California, the Department filed suit against the International Longshore and Warehouse Union (ILWU), located in San Francisco, California. The lawsuit seeks to nullify the union's September 2018 election of the offices of president, vice president-mainland, secretary-treasurer, and international executive board-Panama. The complaint alleges that ILWU violated section 401(e) of the LMRDA by denying its Panama Division members a reasonable opportunity to vote when ballots were not mailed in a manner that enabled each member to receive his or her ballot, mark the ballot, and return it by the ballot deadline. The investigation found that ILWU learned that ballots from 1,078 eligible dockworker union members had been returned in bulk, and failed to take reasonable steps in response to the situation, ultimately determining that none of the 1,078 ballots could be counted. The complaint also alleges that ILWU violated section 401(c) by failing to provide its Panama Division members other safeguards to ensure a fair election by failing to provide adequate voting instructions at the outset of the election and throughout the voting period. In August 2019, the lawsuit was amended to include that ILWU denied a reasonable opportunity to vote to approximately 608 Panama Division members who were not sent ballots despite paying dues or being on dues checkoff during the relevant time period in or around May 2018. The lawsuit is pending final resolution.

Machinists Local Lodge 701 Agrees to Hold Rerun Election under OLMS Supervision

In May 2019, OLMS entered into a voluntary compliance agreement with Machinists Local Lodge 701, located in Carol Stream, Illinois, concerning a December 2018 election of union officers. Lodge 701 agreed to hold new nominations and a new election for the office of vice president. The investigation concluded that Lodge 701 failed to provide a reasonable opportunity for members to nominate candidates by requiring nominators and nominees to be present at the nominations meeting without providing adequate, alternative procedures for members required to work during the meeting. The OLMS supervised polling site election was completed in July 2019.

Government Employees Local 1923 Agrees to New Supervised Election

In May 2019, OLMS entered into a voluntary compliance agreement with the American Federation of Government Employees Local 1923, located in Baltimore, Maryland, concerning the local union's

election of officers conducted in December 2018. The union agreed to OLMS supervision of new nominations, a new election, and installation for the offices of president, executive vice president, treasurer, secretary, sergeant at arms, chief steward, and 19th vice president. The investigation found that members were denied the right to vote when ballots were not mailed to all members; candidates were denied the right to have an observer both during the tally, when they were asked to leave the room, and at the post office, when picking up ballots; the union failed to provide proper notice of nominations, such as no attempts were made to update the address list and the notice was not reasonably calculated to reach all members; and the union failed to provide adequate safeguards when extra ballots were maintained in an unlocked file cabinet and ballots were hand-delivered. The OLMS-supervised mail ballot election in this 8,000-member union was completed in January 2020.

The Department Files and then Settles Lawsuit against Postal Workers Local 230

In June 2019, in the United States District Court for the District of New Hampshire, the Department filed suit against American Postal Workers Union Local 230, located in Manchester, New Hampshire. In October 2019, the court approved a Stipulated Settlement Agreement to resolve the Department's lawsuit. The stipulation provided that the Department would supervise a new mail ballot election, including new nominations, for all offices in the challenged election. The lawsuit sought to set aside the union's March 2019 election of officers because the OLMS investigation established that the union (1) implemented a meeting attendance requirement less than six months before the election that disqualified 96.7 percent of the membership from being eligible to hold office; (2) failed to disseminate a notice reasonably calculated to reach all members or inform them of the offices to be filled or the time, place, or form for submitting nominations; and (3) failed to mail an election notice to all members, instead mailing a defective election notice (that did not include a deadline for returning ballots) to only the members it deemed eligible to vote for one contested position. The OLMS-supervised mail ballot election was completed in February 2020.

Service Employees Local 73 Holds Rerun Election under OLMS Supervision

In June 2019, OLMS entered into a voluntary compliance agreement with Service Employees Local 73, located in Chicago, Illinois, concerning its October 2018 election of officers. The union agreed to conduct a new election, including new nominations, if necessary, and installation for the offices of president, secretary-treasurer, two executive board vice presidents, five vice presidents, two executive board members—Region 2, three executive board members—Region 3, two executive board members—Region 7, and executive board member—Region 13, under OLMS supervision. The investigation disclosed that one candidate used the union's membership list to purchase members' phone numbers and campaign via phone bank, while another candidate was denied access. The OLMS-supervised mail ballot election in this 28,000-member union was completed in November 2019.

Longshoremen's Local 1408 Agrees to Settle Department's Lawsuit and Hold New Election

In July 2019, in the United States District Court for the Middle District of Florida, a Stipulation of Settlement and Order was entered to resolve the Department's lawsuit against the International Longshoremen's Association Local 1408, located in Jacksonville, Florida. The Stipulation provided that the Department would supervise new nominations and a new polling site election for the Local 1408 offices of president, vice president, recording secretary, financial secretary treasurer, business agent, and five executive board members. The lawsuit sought to set aside the union's December 2017 election after

the OLMS investigation concluded that the union failed to have a reasonable candidate qualification requirement when the meeting attendance requirement contained no excuse provision and disqualified 93 percent of the membership from running for union office. The OLMS-supervised polling site election was completed in December 2019.

Service Employees Local 775 Staff Union Agrees to New Supervised Election

In August 2019, OLMS entered into a voluntary compliance agreement with the Service Employees Local 775 Staff Union, also known as Staff Union Union (SUU), located in Seattle, Washington, concerning the officer election conducted in February 2019. SUU agreed to conduct a new election, including new nominations, if necessary, and installation, for the offices of two co-chairs/co-presidents, secretary treasurer, and six delegates, under OLMS supervision. The investigation determined that the union failed to adhere to the LMRDA's ballot secrecy requirement in that the election was conducted via "SurveyMonkey" which neither prevented members from casting multiple votes, nor prevented the connection of voter and vote. The investigation further found that the union failed to mail a notice of election to the last known home address of every member. Further, the union failed to provide adequate safeguards to ensure a fair election in that it failed to make a reasonable effort to keep its membership mailing list current, and failed to provide members with adequate instructions for properly casting their ballots. Finally, no steps were taken to ensure that only eligible members in good standing were allowed to vote. The OLMS-supervised mail ballot election was completed in November 2019.

Postal Workers Local 83 Agrees to Hold Rerun Election under OLMS Supervision

In August 2019, OLMS entered into a voluntary compliance agreement with American Postal Workers Union Local 83, located in New Orleans, Louisiana, concerning an election of union officers conducted in April 2019. The union agreed to conduct a new election and installation, and, if necessary, new nominations, for the positions of president, assistant maintenance craft director, first assistant clerk craft director, delegates—clerk craft (three positions), delegates—maintenance craft (two positions), and delegate—motor vehicle (one position), under OLMS supervision. The investigation concluded that the union failed to provide adequate safeguards and denied members the right to vote by not issuing replacement ballots to members who requested them, and by failing to re-mail ballot packages returned as undeliverable. The union also failed to make reasonable efforts to maintain and update its membership address list. The investigation further found that some ballots were hand-delivered rather than mailed directly by members to the post office box designated for returned, voted ballots. Additionally, the union failed to mail a notice of election to each member's last known home address at least 15 days prior to the election. Lastly, the union failed to adhere to the APWU National Constitution and Bylaws, which requires the ballot receipt deadline to be no less than 20 days from the date of ballot mailing. The OLMS-supervised mail ballot election was completed in November 2019.

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. OLMS also collects and maintains CBAs filed by CBA signatories on a voluntary basis. The CBAs are located on the OLMS website.

OLMS received and processed the following public disclosure reports in FY 2019.

OLMS LMRDA Reports Administration	FY 2019
Form LM-1 Labor Organization Information Reports	133
Form LM-2 Labor Organization Annual Reports	4,874
Form LM-3 Labor Organization Annual Reports	10,045
Form LM-4 Labor Organization Annual Reports	6,422
Simplified Labor Organization Annual Reports	1,179
Form LM-10 Employer Reports	736
Form LM-15 Trusteeship Reports (initial, semiannual, and 15A)	360
Form LM-16 Terminal Trusteeship Reports	83
Form LM-20 Labor Relations Consultant Agreement and Activities Reports	507
Form LM-21 Labor Relations Consultant Receipts and Disbursements	74
Form LM-30 Labor Organization Officer and Employee Reports	553
Form S-1 Surety Company Annual Reports	77
Total Reports	25,043

OLMS utilizes a web-based Electronic Forms System (EFS) for completing and submitting LM reports. Implementation of EFS is being conducted in phases. Currently, Forms LM-2, LM-3, and LM-4, Labor Organization reports; Form LM-10, Employer Report, Forms LM-20 and LM-21, labor relations consultant reports; and Form LM-30, Labor Organization Officer and Employee reports can be filed via EFS. EFS allows any of these filers 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 2019, 100 percent of LM-2 filers, more than 99 percent of LM-3 filers, more than 99 percent of LM-4 filers, and more than 25 percent of LM-30 filers submitted their annual reports via EFS, which has increased timely and accurate filing. In FY 2019, OLMS exceeded its performance goal by increasing the percentage of LM reports filed electronically to 85.3 percent. Based upon a completed rulemaking, OLMS requires unions to file Form LM-3 and Form LM-4 reports electronically for fiscal years beginning on or after January 1, 2017. Form LM-2 filers also must complete their reports electronically. OLMS tracks the numbers of delinquent and deficient reports and Special Reports cases completed. The

FY 2019 planning projections in those categories are largely based on historical averages.

OLMS Performance Goal – Reporting and Disclosure	FY 2019 Target	FY 2019 Results
Percent of Reports Filed Electronically	70%	85.3%

OLMS Enforcement Statistics – Reporting and Disclosure	FY 2019 Plan	FY 2019 Results
LM-2/3/4 Delinquent Reports Cases Completed	1,518	1,446
LM-2/3/4 Deficient Reports Cases Completed	148	169
Special Reports Cases Completed	65	65

4. Employee Protections

OLMS 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. OLMS must approve these arrangements before the U.S. Department of Transportation’s Federal Transit Administration can release funds to mass transit employers.

In FY 2019, OLMS certified employee protections for 1,575 federal transit grants, with 99 percent of grants 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 on the OLMS website.

5. Compliance Assistance

In FY 2019, 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 seminar is similar throughout the country so that every officer in attendance benefits from the same material. In FY 2019, OLMS conducted compliance assistance seminars for 3,121 attendees. In total, OLMS recorded 14,199 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. The office also received and responded to hundreds of requests for information and interpretations.
- OLMS continued to work with 43 of the nation’s most prominent international and national unions in the Voluntary Compliance Partnership (VCP) initiative, leveraging their resources to improve the compliance performance of over 16,000 affiliates in FY 2019. VCP was instrumental in completing the transition to the new filing standard, which mandates that all Forms LM-3 and LM-4 financial reports be filed electronically via EFS. VCP continued to solidify its platform as a national

compliance assistance effort focused on improving timely reporting, utilization of EFS, bonding coverage, quality reporting and other items examined in OLMS audits. VCP is a strategic leadership effort that requires executive-level involvement from OLMS and officer-level involvement from the union, which helps to drive compliance through the labor-management community by providing tools, information, and assistance. The overall late-filing rate for unions under the VCP initiative has decreased over the last four years. VCP continues to assist labor organizations with OLMS procedures regarding mergers and terminations, regional and national training conferences, and other organizational development activities. OLMS leadership met directly with 23 presidents and secretary-treasurers of the VCP member unions in FY 2019. The initiative generated 1,895 compliance assistance contact hours and distributed comprehensive annual VCP informational reports, specifically tailored for each of 33 different VCP international and national unions.

- OLMS managed a public email address, enabling it to respond to nearly 2,200 inquiries and requests in the year.
- OLMS continued its Labor Organization Orientation Program (LOOP), which distributed information letters to newly-registered labor organizations.