



June 7, 2011

Ms. Paige Yates, President
OPEIU Local 22
100 S. University, Ste. 310
Little Rock, AR 72205-5216

Case Number: [REDACTED]
LM Number: 542890

Dear Ms. Yates:

This office has recently completed an audit of OPEIU Local 22 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, Chief Steward Cheryle Coleman, and Secretary-Treasurer Ann Marchand on May 24, 2011, 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 22's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 22 did not retain adequate documentation for credit card expenses incurred by President Paige Yates totaling at least \$2,334. Also, Local 22 did not retain adequate documentation for credit card expenses incurred by Chief Steward Cheryle Coleman totaling at least \$371. For example, President Yates and Chief Steward Coleman used their union credit cards to make at least \$500 worth of food purchases for various union functions and failed to keep the receipts of those food purchases.

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.

2. Meal Expenses

Local 22 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$350. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 22's records of meal expenses often did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, Local 22 retained only the charge receipt of their January 15, 2009 meal purchase from Steak Out. Local 22 failed to maintain the itemized receipt and failed to provide a written explanation of union business conducted and the names and titles of the persons incurring the restaurant charges. 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.

3. Disbursements

Local 22 failed to maintain copies of all of their AT&T bills. 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.

Based on your assurance that Local 22 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 22's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or

both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Reporting Violations

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 LM-3 filed by Local 22 for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Dues

Local 22 failed to report the total dues received by Local 22 during the audit year. Local 22 reported receiving \$52,721 in dues when the bank statements show that Local 22 received \$72,108 in dues.

2. Disbursements to Officers

Local 22 did not include some reimbursements to officers totaling at least \$5,000 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 22 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

3. Professional Fees

Local 22 failed to report payments made to arbitrators totaling at least \$9,054 in Item 49 (Professional Fees). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

4. Cash Reconciliation

The figures reported on your 2009 LM-3 report do not balance. Specifically, Item 25 Beginning Cash Balance plus Item 44 Total Receipts minus Item 55 Total Disbursements should equal Item 25B Ending Cash Balance. The figures reported on your 2009 LM-3 report show that your cash is off by \$18,821.

Local 22 must file an amended Form LM-3 for the fiscal year ended December 31, 2009, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than **June 30, 2011**. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violation

The audit disclosed the following other violation:

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 22's officers and employees are currently bonded for \$7,500, but they must be bonded for at least \$8,607. Local 22 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than **June 30, 2011**.

I want to extend my personal appreciation to OPEIU Local 22 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,



Senior Investigator

cc: Ms. Ann Marchand, Secretary-Treasurer