



February 16, 2011

Jim Curtis, President
Glass Molders Plastics AFL-CIO
Local Union 137
3725 Slauson Avenue
Maywood, CA 90270

Case Number: [REDACTED]
LM Number: 055632

Dear Mr. Curtis:

This office has recently completed an audit of Glass Molders Plastics (GMP) Local Union 137 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 Financial-Secretary Martin Garcia on February 4, 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 137's 2009 fiscal year ending revealed the following recordkeeping violations:

1. Disposition of Property

Local 137 did not maintain an inventory of any fixed assets it had purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

2. General Expenses

Local 137 failed to maintain adequate documentation for some expenses totaling at least \$455,000. The union must maintain cancelled checks, check stubs, and expense receipts for all expenses incurred. For example, Local 137 paid approximately \$11,300 in janitorial expenses with no accompanying record for the services rendered. All expense receipts should include the following information: date; description of goods and/or services rendered; the amount; nature of union business; and the name, address, and phone number of the entity providing the goods and/or services.

Based on your assurance that Local 137 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 Form LM-3 filed by Local 137 for the fiscal year ending October 31, 2009, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 of the LM-3 should have been answered, "Yes," because the union gave away Christmas gifts totaling more than \$800 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate.

2. Employees

Item 17 of the LM-3 was answered, "Yes," but failed to properly disclose that only Financial-Secretary Martin Garcia received payments from both GMP International and Local 137 which totaled over \$10,000 in gross salaries, allowances, and other direct or indirect disbursements. The union must identify the name of each employee and position, with the name of the other affiliate organization, for which made payments to or on behalf of the employee totaling together more than \$10,000 from the local and other affiliate organization.

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to the Local 137's books after reconciliation to the bank statements. The instructions fro Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on the bank statement. The reconciliation was found to be inaccurate by approximately \$9,028.

4. 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 it makes changes to its constitution or bylaws. Local 137's amended it constitution and bylaws in 2000, but did not file a copy with its LM report for that year. Local 137 has now filed a copy of its constitution and bylaws.

Local 137 must file an amended Form LM-3 for the fiscal year ended October 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 also available on the OLMS website (www.dol.gov/olms). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but no later than April 30, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

As I discussed during the exit interview with Financial-Secretary Martin Garcia, the audit revealed that Local 137 does not have a clear policy regarding travel expenses for officers for reimbursement of travel expenses. The audit found an overpayment to an officer amounting to approximately \$124 as a result of their insufficient travel policy. OLMS recommends that the local adopt written guidelines concerning such matters.

I want to extend my personal appreciation to GMP Local 137 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,

Alan Weiss
District Director