



August 17, 2012

Mr. Gary Switzer, President  
Glass Molders Plastics AFL-CIO Local 129

Case Number: [REDACTED]  
LM Number: 055-674

Dear Mr. Switzer:

This office has recently completed an audit of Glass Molders Plastics AFL-CIO Local 129 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 Treasurer Carl Atkinson on July 24, 2012, 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 129's 2011 records revealed the following recordkeeping violations:

#### 1. Supporting Documentation for Expenses

Local 129 did not retain adequate documentation to support some expenses totaling at least \$6,876. For example, a canceled check and the union's check register indicate a

disbursement was made to Cub Foods for \$3,900 on September 27, 2011, but no receipts or other similar supporting documentation were retained in support of that disbursement. However, membership meeting minutes reflect that the union approved the disbursement and donation of \$3,900 in gift cards to members of another union who were on strike. As another example, the local paid \$1,200 to the band Red Dot Garage to play at the local's Christmas Party, but the local did not maintain a receipt, contract, or any other documentation relative to that disbursement. Authorization of that disbursement also appears in meeting minutes. As a third example, a voucher for a reimbursement to you for \$689 indicates that you purchased airfare for two union members to attend a meeting in Winston-Salem, NC. Although you attached a copy of your personal credit card statement showing a purchase for airfare of that amount, no receipt or other original supporting documentation was retained for that expense.

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. Receipt Dates not Recorded

Entries in Local 129's receipts ledger reflect the date money was deposited but do not identify the date money was received or the individual amounts received. During the audit, Treasurer Carl Atkinson advised that he receives dues checks from the company on a weekly basis, but he does not make weekly deposits. After he receives two or three checks, he makes a deposit and records the deposit date and total amount in the receipts ledger.

Receipts records must show the date, amount, and source of all receipts. The date of receipt is required to be recorded in union records to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 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 reporting some receipts on the LM-3 for a different year than the year it actually received them.

Based on your assurance that Local 129 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 (LM-3) filed by Local 129 for the fiscal year ended October 31, 2011 was deficient in the following areas:

1. Disbursements to Officers

Local 129 failed to include at least \$800 in payments to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). For example, the disbursements ledger and expense vouchers revealed that Treasurer Atkinson received at least \$1,509 in salary and lost wages, but only \$1,359 was reported in Column D (Gross Salary) of Item 24. As another example, the same union records show that First Vice President Robert Benjamin received at least \$3,497 in salary and lost wages, but only \$3,026 was reported. As a third example, Local 129 reported no reimbursed expense payments to Mr. Atkinson in Column E (Allowances and Other Disbursements) of Item 24. However, the union's disbursements ledger and expense vouchers show that Mr. Atkinson received at least \$331 in per diem and other expenses which should have been reported in Column E. Records show these disbursements were erroneously reported in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 129 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).

2. Item 51 (Contributions, Gifts, & Grants)

As noted above, Local 129 donated \$3,900 in gift cards to another local while they were in strike status. Local 129 reported in Item 56 (Additional Information) that the disbursement was included in the amount reported in Item 54 (Other Disbursements). However, the payment should have been reported in Item 51 (Contributions, Gifts, & Grants). The LM-3 instructions for Item 51 require reporting of "disbursements for contributions, gifts, and grants made by your organization" in that item.

I am not requiring that Local 129 file an amended LM report for 2011 to correct the deficient items, but Local 129 has agreed to properly report the deficient items on all future reports it files with OLMS.

Mr. Gary Switzer

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Page 4 of 4

I want to extend my personal appreciation to Glass Molders Plastics AFL-CIO Local 129 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. Carl Atkinson, Treasurer