



March 8, 2013

Mr. Vincent Milsom, Treasurer  
Utility Workers, AFL-CIO  
Local Union 102-M  
58 Seventh Street  
Uniontown, PA 15401

Case Number: 150-10392 [REDACTED]  
LM Number: 069892

Dear Mr. Milsom:

This office has recently completed an audit of Utility Workers, AFL-CIO 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 on March 7, 2013, 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 Union 102-M's 2012 records revealed the following recordkeeping violations:

#### Gifts Provided to Members

Local Union 102-M did not retain adequate documentation of expense records for gift cards that were purchased for union members. The audit revealed the union purchased 161 gift cards for their members. Although the union maintained all vendor receipts associated with the purchase of the gift cards; the union did not retain a record of who received the gift cards. The union did

use a membership list as a tracking tool to confirm when the gift cards were received by the members but upon completion of all members receiving the gift cards; the union did not keep this document as part of their official union records.

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 Union 102-M will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

### 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 Union 102-M for the fiscal year ended July 31, 2012 was deficient in the following areas:

#### 1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gift cards totaling more than \$8,000 to members 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 such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

#### 2. Disbursements to Officers

Local Union 102-M did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). In addition, the union did not properly report payments made to union members by the union or indirectly by System 102 in Item 46 (To Employees). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. For example, Treasurer Jack Stinson received lost wages in August 2011; however, these wages are not properly reported in Item 24.

The union must report most direct disbursements to Local Union 102-M 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). Any expenses or disbursements to officers or employees must be listed in Item 46. See the instructions for Item 46 for more details.

3. Certificates of Deposit Reported As Investments

Local Union 102-M improperly included the value of a certificate of deposit as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

4. Cash Reconciliation

The cash as reported in Item 25(A) is incorrect as it does not include the money from the certificate of deposit.

5. Failure to Properly Record Cash Receipts

The amount of dues reported in Item 38 is incorrect as the union failed to include some of the dues receipts received during the year. The union needs to ensure proper recording of all of dues receipts on the LM-3 report.

6. Contributions, Gifts and Grants

Local Union 102-M failed to identify gift cards given to members in item 51. The audit revealed the union gave away gift cards to members totaling over \$8,000. This must be included in item 51.

7. Cash Disbursements in General

Local Union 102-M did not correctly report total disbursements during the audit year in item 55. Union records reveal over \$14,000 was disbursed during the audit year; however, only \$787.00 was identified in item 55.

Local Union 102-M must file an amended Form LM-3 for the fiscal year ended July 31, 2012, to correct the deficient items discussed above. I encourage Local Union 102-M to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed

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electronically no later than March 21, 2013 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Utility Workers, AFL-CIO, Local Union 102-M 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,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. James Premoshis, President