



May 26, 2016

Mr. Eric DeAngelo, Treasurer  
Guard and Plant Protection Employees Local 3  
741 Bonnie Brae  
Erie, PA 16511

Case Number: 140-6006230 [REDACTED]  
LM Number: 051107

Dear Mr. DeAngelo:

This office has recently completed an audit of Guard and Plant Protection Employees Local 3 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 April 29, 2016, 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 3's 2011 through 2014 records revealed the following recordkeeping violations:

1. Failure to Record Receipts and Disbursements

Local 3 did not maintain any records of receipts and disbursements. Prior to the CAP,

there was no check register, no receipts or disbursements journal or ledger. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. Union disbursement records must include an adequate identification of all money the union spends. The records should show the check number, date, payee, and purpose of every disbursement of union money.

You informed me during the audit that you have started maintaining a check register. You will need to continue to record all of the above information in the register.

## 2. Failure to Keep Meeting Minutes

During our opening CAP interview, you informed me that although you attend membership meetings, you had not kept minutes of the meetings for approximately two years. Article VII Section 25 of your union's constitution and bylaws requires the local to "record on the minutes all orders on the secretary-treasurer, and for what purpose."

You informed me that since the opening CAP interview, you have been keeping membership meeting minutes.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 3'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 Violation**

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-4) was not filed by Local 3 for the fiscal years ended December 31, 2014 and 2015. I received your LM-4 reports and they meet the minimal acceptable filing standards.

### **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.

The audit revealed that Local 3's officers were not bonded for the minimum amount required at

the time of the audit. At our exit interview you assured that you would obtain adequate bonding coverage for Local 3 provide evidence of this to OLMS during the audit.

Despite these assurances, you have not provided proof of bonding coverage. If you provide a copy of your union's surety bond by Friday, June 10, 2016, OLMS will take no further enforcement action regarding this issue.

**Breach of Fiduciary Responsibility: Failure to Deposit Members' Dues**

Title IV of the LMRDA states that union officers occupy a position of trust. It is therefore, the duty of the officers to hold the union's money and property solely for the benefit of the organization and its members and to manage, invest, and expend the same in accordance of the constitution and bylaws. Your union's constitution and bylaws Article VII, Section 26 states that "the secretary-treasurer shall receive and receipt for all moneys due the Union and deposit the same in the name of the union."

Your employer changed from remitting members' directly withheld dues via check to requiring direct deposit to the Local 3 checking account. However, you failed to sign up for direct deposit which resulted in the company not remitting dues to the local. As a result, your union failed to receive \$4,615.00 in dues paid by your members.

I have received confirmation from GE Global Operations that you have completed the direct deposit paperwork. They have confirmed that they still have the \$4,615.00 in dues and will remit it to your union in the near future.

I want to extend my personal appreciation to Guard and Plant Protection Employees Local 3 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: Mr. Michael Konkol, President