



December 2, 2016

Mr. David Carter, Treasurer  
Glass Molders Plastics, AFL-CIO, Local 140  
203 Pleasant Ave  
Streator, IL 61364

Case Number: 310-6007378 [REDACTED]  
LM Number: 045940

Dear Mr. Carter:

This office has recently completed an audit of Glass Molders Plastics Local 140 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, President [REDACTED], and Vice President [REDACTED] on November 15, 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 140's records for fiscal year ended October 31, 2015, revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 140 did not retain adequate documentation for reimbursed expenses incurred by Vice President [REDACTED] totaling at least \$588.87. This amount represents the Local's payments for two hotel stays for which hotel bills were not on file. As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and financial secretary treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local 140 did not retain adequate documentation for one lost wage reimbursement payment to Vice President [REDACTED] totaling at least \$223.76. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. For the payment to Vice President [REDACTED], the OLMS audit found that Local 140 did not retain a voucher or any other record of the required data.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 140 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Disposition of Property

For t-shirts that Local 140 purchased and gave to members, the union maintained neither an inventory of shirts nor records of the dates shirts were given to members and the receiving members' names. 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. In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Receipts Information not Recorded

None of the receipts entries in Local 140's financial ledger showed the date money was received. In addition, the purpose was not always sufficiently detailed given that initiation fees were recorded as dues receipts. For one receipt entry, the source of the money was also not shown. Union receipts records must include an adequate identification of all money the union receives. The records must show the date of receipt

and should show the amount received and the source of the money. The date of receipt is required 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 the union reporting some receipts for a different year than when it actually received them. Failure to record the purpose could result in reporting receipts in incorrect line items in Statement B.

5. Information not Recorded in Meeting Minutes

During the audit, you, President [REDACTED], and Vice President [REDACTED] advised OLMS that the membership at a monthly meeting authorized the union's \$100.00 donation to the Red Stocking Fund in December 2014 before it was made, as is required for all donations of union funds. Article 10, Section 2, of the Local 140 Bylaws stipulates that the union's "contributions," that is, donations, "will be left up to the vote of the membership at the meeting." However, the minutes of the December 2014 meeting did not contain any reference to a donation to the Red Stocking Fund, and Local 140 did not meet quorum for a November 2014 meeting. Minutes of all membership meetings must report any donation authorizations made at those meetings.

6. Receipts Backup Documentation

Local 140 did not maintain all of the weekly checkoff lists in support of its dues and initiation fee receipts, and some of the lists it did have on file did not fully support the amounts received. Overall, 15 of 52 weekly checkoff lists were not on file. In a sampling of 8 checkoff lists that were on file, OLMS found that four lists showed total deduction amounts that differed from the amounts the employer direct deposited to the union's bank account. In these instances, the checkoff lists did not appear to be the final versions, as they omitted member names and deduction amounts. This resulted in understatements in total deduction amounts versus deposit amounts that ranged from \$5.00 to \$64.22.

As stated in the LM-3 instructions, the union officers required to file the LM-3 are responsible for maintaining records that will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. Any record necessary to verify, explain, or clarify the report must be retained.

7. Disbursements Backup Documentation

Local 140 had no backup documentation on file for a payment by check of \$1,058.56 to the U.S. Treasury. As stated in the LM-3 instructions, the union officers required to file the LM-3 are responsible for maintaining records that will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. Any record necessary to verify, explain, or clarify the report must be retained.

Based on your assurance that Local 140 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 140 for the fiscal year ended October 31, 2015, was deficient in the following areas:

1. Disbursements to Officers

Local 140 did not include some reimbursements to officers totaling at least \$366 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments elsewhere on the report. Conversely, for another officer, Local 140 appears to have included approximately \$33 in reimbursements that OLMS could not identify in union records. In addition, Local 140 did not include in Item 24 \$150 in disbursements to three officers for work related to quarterly audits. The union erroneously reported these payments in Item 49 (Professional Fees).

The union must report most direct disbursements to Local 140 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 Expenses).

2. Disbursements to Employees

Local 140 did not include disbursements to employees totaling at least \$1,284 in the amount reported in Item 46 (To Employees). These disbursements consisted of payments of \$864 to non-officer members as monthly compensation for their service as stewards, which were reported in Item 54 (Other Disbursements); \$360 to non-officer members as monthly compensation for their service as trustees, which were reported elsewhere on the report; and, \$60 to a non-officer member as compensation for his quarterly audits of the union’s books and records, which was reported in Item 49 (Professional Fees).

The union must report in Item 46 (To Employees) the total of all salaries, allowances, travel advances which are not considered loans, and other direct and indirect

disbursements to its employees.

3. Other Assets

Local 140 did not report in Item 30 (Other Assets), End of Reporting Period, the value of the t-shirts that remained in its possession following its purchase and give away of t-shirts to members during the year. With six t-shirts on hand and an average cost of \$13.35, the amount that should have been reported was approximately \$80.

4. Initiation Fees

Local 140 reported all of the funds it received from checkoff, \$33,930, in Item 38 (Dues) even though at least \$750 was actually initiation fees and should have been reported in Item 40 (Fees, Fines, Assessments & Work Permits).

5. 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 constitution or bylaws. Local 140 amended its bylaws in 1986 but did not file a copy with its LM report for that year.

Local 140 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 140 file an amended LM report for the fiscal year ended October 31, 2015 to correct the deficient items, but Local 140 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Wages and Expenses Policies

As I discussed during the exit interview with you, [REDACTED] and [REDACTED], the audit revealed that Local 140 does not have a clear policy regarding the circumstances in which the union will and will not pay wages for the conduct of union business, whether by losing employer wages or using personal time. Factors unique to Local 140 include (1) payment by event sponsors at some but not all events that Local 140 representatives attend, (2) the practice, but not obligation, of the employer to pay for officers' use of personal time to conduct union business in certain situations, and (3) the past practice, but not requirement, for Local 140 presidents to be at the work site before and after their own shifts so that members on all three shifts have the opportunity to meet with them. Local 140 also lacks a clear policy with respect to the types of expenses and specific union business for which personnel may claim reimbursement, especially given that various event sponsors pay for various expenses incurred by Local 140 attendees. For both wages and expenses, OLMS found that Local 140's practices regarding required backup

documentation do not strictly adhere to its stated policy.

OLMS recommends that unions adopt written guidelines concerning all of the above matters. OLMS acknowledges Local 140's recent step towards reaching that goal by reading and voting to keep in effect its undated, handwritten financial policy at the August 2016 membership meeting.

2. Tracking of Individual Members' Payments

Local 140 does not keep record by member name of the initiation fees and dues paid. Although by far the vast majority of initiations and dues are received via checkoff, records should be maintained since not all members are included in each weekly deduction or included at the same amount. And, such tracking would have helped Local 140 identify the fact that the checkoff lists provided by the payroll department at its plant were inaccurate. Dues payment histories of individual members are also important to determining candidate and voter eligibility in Local 140 officer elections.

I want to extend my personal appreciation to Glass Molders Plastics Local 140 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,

[REDACTED]  
Investigator

cc: [REDACTED], President  
[REDACTED], Vice President