



May 31, 2016

██████████ President
Glass Molders Plastics Local 6B
3822 East Pulaski Avenue
Cudahy, WI 53110

Case Number: 320-6006114-██████████
LM Number: 015066

Dear ██████████

This office has recently completed an audit of Glass Molders Plastics Local 6B 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, Financial Secretary Roger Post, and Recording Secretary Timothy Schulze on May 13, 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 6B's 2013 and 2014 records revealed the following recordkeeping violations:

1. Lost Wages

Local 6B did not retain adequate documentation for lost wage reimbursement payments to officers and employees for 4 instances totaling at least \$728.37. 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. The audit revealed that Local 6B failed to retain any supporting documentation for lost wage reimbursements. For example, a \$309.98 reimbursement to Mr. Post on May 31, 2013 was recorded in the disbursement ledger as "Lost Wages;" however, no supporting documentation was retained for this expense indicating the number of hours lost, the dates the lost wages were incurred, and the union business purpose for the lost wages.

During the exit interview, I provided a sample expense voucher Local 6B may use to satisfy this requirement. The sample voucher identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Reimbursements to Officers, Payments to Officers and Employees, and Disbursements to Vendors

Local 6B did not retain adequate supporting documentation for reimbursed expenses incurred by Mr. Post, Mr. Schulze, and Vice President Francisco Valadez totaling at least \$7,347.51 and dues reimbursement payments to officers and employees totaling at least \$850 during the audit period. For example, Local 6B failed to maintain any supporting documentation for a \$300.00 check issued to Mr. Post on May 31, 2013 for "Per Diem," which is not sufficient. As another example, no supporting documentation was retained for a \$156.00 check issued to Steward [REDACTED] on September 21, 2014 for a "Steward Refund," which is not sufficient. As another example, Mr. Post was reimbursed \$326.00 on June 22, 2014 for three meals on June 10, 11, and 12 of 2014. In support of these expenses, the union only retained the signature copy of the receipts, and failed to identify the names and titles of the people present for these meals and the union business conducted, which is not sufficient. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

The audit also revealed that Local 6B did not retain adequate supporting documentation for payments to outside vendors totaling more than \$744.17 in 2013 and \$352.02 in 2014. For example, Local 6B failed to retain any supporting documentation for a \$100 check issued to Muskie's Restaurant on November 11, 2012, which is not sufficient. According to the general ledger, the purpose of this check was "Hall and Refresh."

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements as well as additional documentation as necessary to show the nature of the union business that required the disbursement. Records of meal expenses incurred by officers must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. The president and financial secretary (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Receipt Dates Not Recorded

An entry in Local 6B's general ledger for a \$2,907 deposit of two dues checkoff checks that was made on September 19, 2014 reflected the date the union deposited money, but not the date the

money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Item 44 (Total Receipts) of the LM-3. In Item 44, the labor organization must enter the total amount of all receipts it receives during the reporting period. 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.

4. Inventory of Fixed Assets

Local 6B failed to maintain any records that identified its fixed assets. During the opening interview, Mr. Post advised that Local 6B's fixed assets include a laptop computer and a scanner, but Local 6B does not maintain an inventory of fixed assets. The Form LM-3 filed by the union for 2013 and 2014 reported no fixed assets. During the exit interview, you, Mr. Schulze, and Mr. Post agreed that the union would create such an inventory and maintain the list by adding new purchases, removing old equipment that has been sold, donated, or destroyed, and recording the cost and depreciation of each asset.

In the case of fixed assets, the local must maintain an inventory or other similar record(s) identifying each fixed asset and the cost and depreciation of each fixed asset. Such records are required to be retained to verify, clarify, and support information required to be reported in Item 29 (Fixed Assets) of the Form LM-3.

5. Lack of Authorization for Dues Reimbursements

Local 6B did not maintain records to verify that the dues reimbursements reported in Item 24 (All Officers and Disbursements to Officers) and Item 46 (To Employees) were the authorized amounts and therefore were correctly reported. During the exit interview, Mr. Post stated that the authorization for the dues reimbursement paid to the stewards (some of whom hold officer positions as well) can be found in a "blue booklet;" however, Local 6B was unable to produce a copy of this booklet during the audit. The union must keep a record, such as meeting minutes, to show the current salaries and/or reimbursements for officers and employees as authorized by the entity or individual in the union with the authority to establish salaries and/or allowances.

Based on your assurance that Local 6B will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations. However, Local 6B's records will be reviewed by OLMS again to ensure that the recordkeeping violations noted above have been corrected.

Reporting Violations

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 6B amended its constitution and bylaws in 1996, but did not file a copy with its LM report for that year. Local 6B has now filed a copy of its constitution and bylaws.

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 6B for the FYE October 31, 2014, was deficient in that:

Disbursements to Officers

Local 6B did not include some reimbursements to officers totaling at least \$732 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, the local's general ledger shows that Mr. Valadez received a quarterly dues reimbursement totaling at least \$119.55 on June 22, 2014. This payment was not included in the amount reported in Column E (Allowances and Other Disbursements) of Item 24, and it appears that Local 6B did not report this payment on the 2014 LM-3 report.

The union must report most direct disbursements to Local 6B 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 for room rent only) 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).

I am not requiring that Local 6B to file an amended LM report for 2014 to correct the deficient item, but Local 6B has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Glass Molders Plastics Local 6B 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. Roger Post, Financial Secretary
Mr. Timothy Schulze, Recording Secretary