



January 6, 2017

Mr. Joseph Mowry, President
United Electrical Workers (UE) IND
Local 622

Case Number: 140-6009404 [REDACTED]
LM Number: 030491

Dear Mr. Mowry:

This office has recently completed an audit of United Electrical Workers (UE) IND Local 622 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 Financial Secretary Robert DeHaven and Eastern Region Office Manager [REDACTED] on January 6, 2017, 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 622's 2015 records revealed the following recordkeeping violations:

1. Failure to Maintain Receipt Records

Local 622 did not maintain employer dues checkoff reports. During the audit, Mr. DeHaven advised OLMS that he receives monthly emails from the employer with the dues checkoff reports and that he deletes these emails. Union receipt records must include an adequate identification of all money the union receives. The records should show the date, amount received and the source of the money.

2. Information not Recorded in Meeting Minutes

Local 622 did not maintain any meeting minutes for the audit period. At a minimum, meeting minutes for membership and executive board meetings which discuss the approval or authorization of disbursements, or any other financial matters, must be recorded and maintained.

3. Lack of Salary Authorization

Local 622 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

4. Disposition of Gift Cards

Local 622 failed to maintain a record to establish the disposition of 60 gift cards purchased during the audit period. While the Local maintained the receipt from Giant Eagle establishing the purchase of the \$50 gift cards, there is no record to establish who received these gift cards. The union must retain a record of property on hand and information to verify, clarify, and explain all disbursements or property or things of value.

Based on your assurance that Local 622 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 622 for the fiscal year ended December 31, 2015, was deficient in that:

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 during the year totaling \$3,000. 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) of such property. The union does not have to itemize in the report every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

I am not requiring that Local 622 file an amended LM report for 2015 to correct the deficient item, but Local 622 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to UE Local 622 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: Mr. Robert DeHaven, Financial Secretary
[REDACTED], UE Eastern Region Office Manager