



September 28, 2017

[REDACTED], President  
Utility Workers Local 160C  
[REDACTED]

Case Number: 530-6010480 [REDACTED]  
LM Number: 040320

Dear [REDACTED]:

This office has recently completed an audit of Utility Workers Local 160C 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, Vice President [REDACTED], Treasurer [REDACTED], and Accountant [REDACTED] on July 26, 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 160C's 2016 records revealed the following recordkeeping violations:

#### 1. Meal Expenses

Local 160C did not require officers to submit itemized receipts for meal expenses charged to the union debit card totaling at least \$3,069.21. Some examples were: debit card charge on February 2, 2016 to Buca Di Beppo for \$757.27; debit card charge on March 4, 2016 to Una Mas Mexican Grill for \$701.93; debit card charge on April 11, 2016 to Buckhorn Grill for \$632.92; debit card charge on May 16, 2016 to Palace Buffet for \$278.40; and debit card charge on October 11, 2016 to Sam's Bar B Que for \$698.69. The

union must maintain itemized receipts provided by restaurants to officers. 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.

2. Dues Deduction Registers

Local 160C did not maintain Dues Deduction Registers for the months of May and July 2016. The union must maintain these records in order to verify the amount of dues received and deposited.

3. Lack of Stipend Authorization

Local 160C did not maintain records to verify that the stipends 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 stipend authorized by the entity or individual in the union with the authority to establish stipends.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 160Cs 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 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 LM-3 filed by Local 160C for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Disbursements to Officers

Local 160C did not include some stipends to officers totaling at least \$300 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, during the audit year, Treasurer [REDACTED] received \$300 in stipends but only \$150 of this was reported on the 2016 LM Report. Also, during the audit year, Secretary [REDACTED] received \$600 in stipends but only \$450 of this was reported on the 2016 LM Report.

2. Certificate of Deposit Account And Savings Account

Local 160C failed to report a certificate of deposit account located at Provident Credit Union worth \$27,952.77 and a savings account also located at Provident Credit Union worth \$1,813.43. Local 160C officers were unaware of the existence of these accounts which were held in the name of former President [REDACTED].

Local 160C must file an amended Form LM-3 for the fiscal year ended December 31, 2016, to correct the deficient items discussed above. I encourage Local 160C 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 electronically no later than September 31, 2017 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.

Other Violation

The audit disclosed the following other violation:

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 160C's officers were not bonded for the minimum amount required at the time of the audit. However, Local 160C obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Utility Workers Local 160C 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