



November 27, 2018

Mr. Scott Rowe, Treasurer  
USW Local 283M  
14222 Alderson Street  
Houston, TX 77015

Case Number: 420-6014896 [REDACTED]  
LM Number: 542029

Dear Mr. Rowe:

This office has recently completed an audit of USW Local 283M 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 November 30, 2018, 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 283M's fiscal year ending October 31, 2017 records revealed the following recordkeeping violations:

#### 1. Debit Card Expenses

Local 283M did not retain adequate documentation for debit card expenses incurred by union officers totaling at least \$4,319.07. For example, debit card purchases at Blackshear's Florist for \$353.99, Expedia for \$46, MGM Grand Hotel for \$2,285.30, and

United Airlines for \$1,633.78 were not supported with sufficient documentation to explain the nature of these charges.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Lost Wages

Local 283M did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least seven instances. 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 OLMS audit found that Local 283M did not always specify the number of hours paid on each date, the applicable rate of pay, and the description of the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 283M 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.

Based on your assurance that Local 283M 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 283M for the fiscal year ended October 31, 2017, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 283M did not include some reimbursed expenses to officers totaling at least \$728.80 and "meeting expenses" paid to all officers totaling \$5,825 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 283M 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 Expense).

2. Office and Administrative Expense

Local 283M did not report debit card payments made to United Airlines and the MGM Grand Hotel totaling \$3,965.08 in Item 48 (Office and Administrative Expense). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). Disbursements for hotel rooms or for transportation by public carrier of officers and union employees on official business may be reported in Item 48 when the payment is made directly to the provider.

I am not requiring that Local 283M file an amended LM report for 2017 to correct the deficient items, but Local 283M has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to USW Local 283M 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