

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



USPS Only:
200 Constitution Avenue, NW
Suite 11-200
Washington, DC 20210-0001

Visitors/UPS/FedEx:
375 E Street, SW, Suite 11-200
Washington, DC 20024-3221
Phone (202) 513-7300
Fax: (202) 513-7301

November 14, 2018

William Leyden, Business Manager
International Union of Elevator Constructors
Local 52
4976 Euclid Rd
Virginia Beach, VA 23462

Case Number: 450-6014426
LM Number: 059-882

Dear Mr. Leyden:

This office has recently completed an audit of International Union of Elevator Constructors (IUEC) Local 52 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 and President Alexander Zion on November 11, 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 52's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 52 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Business Manager William Leyden. There were four charges on Leyden's credit card during the fiscal year associated with hotel stays which were either missing supporting documentation or lacking adequate detail to determine what the specific union purpose for the hotel stay was.

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. Reimbursed Auto Expenses

Business Manager William Leyden did not retain adequate documentation to support some of the payments to him for the business use of his personal vehicle. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 52 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-2) filed by Local 52 for the fiscal year ended August 31, 2017, was deficient in the following areas:

1. Purchase of Fixed Assets

Local 52 did not properly report the purchase of fixed assets on its LM-2 report. The audit revealed that during fiscal year 2017, Local 52 purchased fixed assets. This purchase appears to have been erroneously reported in Schedule 11, Column F (Disbursements for Official Business) next to Leyden's name. This purchase should have been reported in Schedule 4 (Purchase of Investments and Fixed Assets).

2. 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 its constitution or bylaws. Local 52 amended its constitution and bylaws in 2017, but did not file a copy with its LM report for that year. Local 52 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 52 file an amended LM report for 2017 to correct the deficient items, but Local 52 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

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.

Local 52's officers and employees are currently bonded for \$30,000, but they must be bonded for at least \$45,126. Local 52 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than December 11, 2018.

I want to extend my personal appreciation to Local 52 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: Alexander Zion, President