



January 9, 2019

Mr. James G. Bushong, President
Sheet Metal, Air, Rail, and Transportation Workers
Local 1892

Case Number: 420-6014565
LM Number: 046404

Dear Mr. Bushong:

This office has recently completed an audit of Sheet Metal, Air, Rail, and Transportation Workers (SMART) Local 1892 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 Secretary-Treasurer Robert Maldonado, Jr., on January 8, 2019, 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 1892's 2017 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 1892 maintained an inventory of all the items received from sponsors, the sponsors' information, and the date the items were given away at the Solidarity Rally. Since all the donated items received during the year were also given away in the same year, it was not

necessary to report these amounts in Item 30 of the LM-3. However, Local 1892 did not maintain records to identify the recipients of the donated items given away. In the case of items given away to members, the union must retain records that identify the recipients of those items.

2. Failure to Record Receipts

Local 1892 did not record in its receipts records the Solidarity Rally checks and bank interest, which were deposited into the local's savings account, totaling at least \$8,154.16. For example, SMART Locals 293, 524, and 773 contributed \$500, \$1,200, and \$500, respectively. These amounts were deposited in Local 1892's savings account, but not recorded as union receipts. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 1892 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 1892 for the fiscal year ended December 31, 2017, was deficient in the following areas:

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, t-shirts, cooler, tumbler, mug, and a half-day fishing trip totaling more than \$1,965 during the year. 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) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Properly Categorizing Disbursements

Local 1892 incorrectly listed the amounts given as gifts to members, retirees, and others under Item 54 "Other Disbursements." The total of all disbursements for contributions, gifts, and grants should be entered in Item 51 "Contributions, Gifts, and Grants."

Local 1892 must file an amended Form LM-3 for the fiscal year ended December 31, 2017, to correct the deficient items discussed above. The report must be filed electronically using the

Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than January 22, 2019. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

The audit disclosed the following other violation(s):

1. Failure to Update Bylaws

Local 1892 has not adopted bylaws that are in association with its parent organization. Local 1892 was part of the United Transportation Union (UTU) until December 31, 2011. On January 1, 2012, SMART and UTU merged and a charter for SMART Local 1892 was issued to your union. However, Local 1892 continues to utilize the Bylaws and Policies & Procedures of UTU Local 1892. As agreed, you are in the process of obtaining final approval of the SMART Local 1892 Bylaws, which will be filed with OLMS no later than March 31, 2019.

2. Disbursement to Officer for Personal Expense

The audit revealed that an officer received reimbursement for at least \$116.75 for an upgrade to his hotel lodging for his personal use. Local 1892 has agreed to obtain repayment from the officer immediately and will ensure that all future reimbursements are reviewed carefully, prior to making payment, to avoid a similar situation.

I want to extend my personal appreciation to SMART Local 1892 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. Robert Maldonado, Jr., Secretary-Treasurer