



January 25, 2019

Mr. Elliot Wickstrom, President
Sheet Metal, Air, Rail, and Transportation Workers
Local 311
[REDACTED]
Holmen, WI 54636

Case Number: 320-6014879 [REDACTED]
LM Number: 027909

Dear Mr. Wickstrom:

This office has recently completed an audit of Sheet Metal, Air, Rail, and Transportation Workers (SMART) Local 311 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 Mike Dunham on January 23, 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 311's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 311 did not retain adequate documentation for payments to Mr. Dunham and Local Chairman John Kroll totaling at least \$173 in 2017. For example, adequate supporting documentation was not retained for a reimbursement to Mr. Kroll for an unknown expense he incurred sometime before February 3, 2017. No receipt was retained and no business purpose, date of purchase, vendor name, or other clarifying information was recorded on the check stub retained for this reimbursement.

As another example, Local 311's records of meal expenses did not always include itemized receipts. For example, an itemized receipt was not retained for a \$162.95 meal expense Mr. Dunham incurred at Pizza Corral in Holmen, WI on August 9, 2017 for the membership meeting Local 311 held that day. In support of this expense, Local 311 only retained Mr. Dunham's credit card signature receipt, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. Records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. 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. Failure to Record Receipts and Receipt Dates not Recorded

The audit revealed that Local 311 did not adequately record in its receipts records cash receipts totaling at least \$1,007 during the audit year. In addition, entries in Local 311's WINSTAB ledger reflect the date the union deposited money, but not the date money was received for two insurance premium checks totaling \$563. Union receipts records must show the date of receipt.

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. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Failure to Maintain Flower Fund Bank Records

The audit revealed that Local 311 did not retain a withdrawal receipt, three deposit receipts, or any of the statements it received from the La Crosse Burlington Credit Union for its flower fund during the audit year. As previously noted, 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.

Based on your assurance that Local 311 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 311 for fiscal year ended December 31, 2017 was deficient in the following areas:

1. Flower Fund Receipts and Disbursements

The audit revealed that Local 311's flower fund had receipts and disbursements totaling \$1,007.76 and \$1,007.50, respectively, during the audit year; however, Local 311 failed to report any of the flower fund's receipts or disbursements. Local 311 is required to report all interest received in Item 41 (Interest and Dividends) and all money received from cash donations in Item 43 (Other Receipts). All money (cash or check) donated to union officers must be reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary) while all other money donated by the union is required to be reported in Item 51 (Contributions, Gifts, and Grants).

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 311 amended its bylaws in 2012 and 2017, but did not file copies with its LM reports for each year. Local 311 has now filed copies of its 2012 and 2017 bylaws.

I am not requiring that Local 311 file an amended LM report for 2017 to correct the deficient items, but Local 311 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to SMART Local 311 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

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Mike Dunham, Secretary/Treasurer