

U.S. Department of Labor

Office of Labor-Management Standards
Cincinnati-Cleveland District Office
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August 20, 2019

Mr. Randal Marfia, Treasurer
SMART Local 586 TD
4051 Bullhead Road
Willard, OH 44890

Case Number: 350-6015156 [REDACTED]
LM Number: 015352

Dear Mr. Marfia:

This office has recently completed an audit of SMART Local 586 TD 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 August 12, 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 586 TD's 2018 records revealed the following recordkeeping violation:

Lost Wages

Local 586 TD did not retain adequate documentation for lost wage reimbursement payments to union officers in several 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 586 TD, while listing the purpose of the lost time on checks issued to officers for these several instances, did not retain the vouchers containing more detailed information about the lost wage payments.

Based on your assurance that Local 586 TD will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 586 TD for the fiscal year ended December 31, 2018, was deficient in the following area:

Disbursements to Officers

Local 586 TD did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. The local neglected to include these two individuals because of their brief tenures in a position ultimately held by yet another individual at the end of the year, and the inadvertent removal of their two names as officers from the computer system used by the union.

The union must report most direct disbursements to Local 586 TD 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).

I am not requiring that Local 586 TD file an amended LM report for 2018 to correct the deficient item, but Local 586 TD has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to SMART Local 586 TD for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this

Mr. Randal Marfia

August 20, 2019

Page 3 of 3

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 black rectangular box redacting the signature of the Supervisory Investigator.

Supervisory Investigator

cc: Mr. Gilberto Cuevas, President