

U.S. Department of Labor

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April 8, 2008

Mr. David Steans
Financial Secretary
Electrical Workers, UE Ind
Local Union 332
145 Main Street
Hudson Falls, NY 12839

LM File Number: 011-763

Case Number: [REDACTED]

Dear Mr. Steans:

This office has recently completed an audit of Electrical Workers Local Union 332 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 April 3, 2008, 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 Electrical Workers Local 332's records revealed the following recordkeeping violations:

General Disbursements

Local 332 did not retain adequate documentation for some disbursements totaling \$153.32. There were two missing gas receipts for charges on the union's credit card. In addition, there was no documentation for a check issued to Harrison Winnie for the sound system rental equaling \$75. Lastly, there was no receipt retained from Dollar General for a check issued in the amount of \$20.87.

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.

Based on your assurance that Local 332 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 Electrical Workers Local 332 for fiscal year ending June 30, 2007 was deficient in the following areas:

1. Cash Receipts

Local 332 incorrectly reported the total dues received in Item 38 (Dues). The union reported the cash dues it received and deposited to the union's checking account. The employer retained at least \$40,000 of checkoff dues as reimbursement of lost wages paid to union officers by the employer to conduct union business. The employer paid these wages upfront on behalf of the union, however subsequently withheld that amount from the dues checkoff paid to the union.

Local 332 should report its gross dues in Item 38 of the LM-3 report. This would include both the amount paid to the local by the employer as well as the amount retained by the employer for reimbursement of the wages paid to the union officers and employees.

2. Disbursements to Officers

Local 332 did not include indirect wages to officers totaling at least \$40,000 in Item 24 (All Officers and Disbursements to Officers). The local netted this amount from the dues checkoff received by the employer.

The local only reported the net amount of dues received in Item 38, failing to report the gross dues and subsequently the wage reimbursements paid to the union officers while conducting union business during regular working hours. Local 332 should report the lost wages initially paid by the employer and later withheld from the dues checkoff amount in Item 24, Column D, next to the officers names who received these wages and also at Item 45. An explanation of these gross wages should be included in Item 56 (Additional Information).

In addition, Local 332 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24. 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 union must report all allowances paid to officers in Item 24, Column E. It appears the union reported the officer's monthly allowances in Column D (Gross Salary). In addition, the union must report most direct disbursements to Local 332 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 332 file an amended LM-3 report for 2007 to correct the deficient items, but Local 332 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to you for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: Scott Gates, President
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