



September 30, 2015

Mr. Guy Donnelly, President
SMART Transportation Division Local 911
[REDACTED]

Case Number: 320-6003988([REDACTED])
LM Number: 004952

Dear Mr. Plath:

This office has recently completed an audit of SMART Transportation Division Local 911 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 Treasurer Corey Plath on September 8, 2015, 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 911's 2014 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 911's WinStabs software reflect the date the union deposited money, but not the date money was received. No other records that identified the union's receipts were retained. Union receipts records must show the date of receipt. The date of receipt is

required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 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.

2. Lost Wages

Local 911 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$20,000. Officer Matthew Marschinke's "wage & expense forms" were not retained for June, July, October and November 2014, and Local 911 failed to retain Officer Robert Newhouse's "wage & expense forms" for payments totaling over \$10,000. 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 911's "wage & expense forms" were not sufficient in that they do not list the hours that were lost.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 911 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expense.

Based on your assurance that Local 911 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 911 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Disbursements to Officers

Local 911 did not report the names of some officers in Schedule 11 (All Officers And Disbursements To Officers). The union must report the names of all officers in Schedule 11 regardless of whether they received any payments from the union. During the opening exit interview, Treasurer Plath stated that Shawn Monahan served as First Vice Local Chairman and that the local had three trustee who are also officers; however, these officers were not identified in Schedule 11. Both of these officers hold positions on the executive board and are required to be identified as officers in Schedule 11.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Failure to Report the Strike Fund

The audit revealed that Local 911 did not report the beginning or ending balance of the local's strike fund in Item 22(A) (Cash at Start of Reporting Period) and 22 (B) (Cash at End of Reporting Period). In addition, Local 911 failed to report the strike fund's one disbursement totaling \$175 in Statement B (Receipts and Disbursements). During the exit interview, Treasurer Plath stated that the strike fund was not included on the LM-2 report because he was not aware that this fund needed to be reported.

Page 3 of the LM-2 instructions states that labor organizations must report financial information for all funds of the labor organization, including any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even if they are not part of the labor organization's general treasury.

I am not requiring that Local 911 file an amended LM-2 report for 2014 to correct the deficient items, but Local 911 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 Transportation Division Local 911 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,



Senior Investigator

cc: SMART Local 911 Treasurer Corey Plath