

# 2014 Annual Report

## Office of Labor-Management Standards

U.S. Department of Labor  
Michael J. Hayes, Director



January 2015

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## Introduction

When the Labor-Management Reporting and Disclosure Act (LMRDA) was enacted in 1959, Congress declared, "it is essential that labor organizations, employers and their officials adhere to the highest standards of responsibility and ethical conduct in administering the affairs of their organizations, particularly as they affect labor-management relations." The LMRDA primarily promotes union democracy and financial integrity in private sector labor unions through standards for union officer elections and union trusteeships and safeguards for union assets. Additionally, the LMRDA promotes transparency through reporting and disclosure requirements for labor unions and their officials, employers, labor relations consultants, and surety companies. The Office of Labor-Management Standards (OLMS) continues today to pursue this important mission through criminal and civil enforcement of the LMRDA.

The major provisions of the LMRDA, by title, are:

- Title I: Bill of Rights for union members
- Title II: Requirements for reporting and disclosure by labor unions, union officers and employees, employers, labor relations consultants and surety companies
- Title III: Rules for establishing and maintaining trusteeships
- Title IV: Standards for conducting fair elections of union officers
- Title V: Safeguards for protecting union funds and assets

OLMS also administers provisions of the Civil Service Reform Act of 1978 and the Foreign Service Act of 1980, which extend comparable protections to federal labor unions. In addition, OLMS' Division of Statutory Programs administers the Department's responsibilities under the Federal Transit Act by ensuring that fair and equitable arrangements protecting mass transit employees are in place before the release of federal transit grant funds.

OLMS is the front line agency responsible for enforcing the LMRDA through its criminal and civil investigations. Criminal investigations include embezzlement, deprivation of rights by violence, extortionate picketing, willful failure to file reports, filing false reports, prohibited union office holding or employment of convicted persons, and fraud related to union elections. Civil investigations include violations of the LMRDA involving union election procedures, financial disclosure requirements, and trusteeship standards.

OLMS conducts audits of union finances, administers a comprehensive compliance assistance program, and offers information and technical support to union officers and members to further the goals of financial integrity, union democracy, and transparency.

Compliance assistance also plays a central role in the OLMS enforcement strategy. OLMS has an active compliance assistance program to promote voluntary compliance with the LMRDA by informing union officers and employees of their responsibilities and informing members of their legal rights.

## Summary

This report consists of five sections, with related tables and charts.

- Section 1 presents key FY 2014 criminal enforcement and performance results pursuant to LMRDA Title V (financial safeguards for labor organizations) together with noteworthy criminal enforcement actions. A more complete listing of these actions is located at [www.dol.gov/olms/regs/compliance/enforce\\_2014.htm](http://www.dol.gov/olms/regs/compliance/enforce_2014.htm) on the OLMS website.
- Section 2 presents key FY 2014 civil enforcement and performance results pursuant to LMRDA Title III (trusteeships) and Title IV (union officer elections) together with noteworthy union officer election case summaries for FY 2014. Listings of union officer election agreements are located at [www.dol.gov/olms/regs/compliance/civil\\_actions\\_2014.htm](http://www.dol.gov/olms/regs/compliance/civil_actions_2014.htm) (2014). Final decision letters in election and trusteeship cases are located on the OLMS website at [www.dol.gov/olms/regs/compliance/OLMS\\_FOIA.htm](http://www.dol.gov/olms/regs/compliance/OLMS_FOIA.htm).
- Section 3 presents reporting and disclosure data and related program activity pursuant to LMRDA Title II (reporting requirements). Section 3 also presents key FY 2014 reporting enforcement and performance results. Reports are available for public disclosure on the OLMS Online Public Disclosure Room website, [www.unionreports.gov](http://www.unionreports.gov).
- Section 4 summarizes grant certification activity pursuant to Section 13(c) of the Federal Transit Act, ensuring fair and equitable arrangements protecting mass transit employees.
- Section 5 briefly describes compliance assistance activities conducted in FY 2014.

To view past-year OLMS annual reports, visit:

[www.dol.gov/olms/regs/compliance/OLMS\\_Annual\\_Reports.htm](http://www.dol.gov/olms/regs/compliance/OLMS_Annual_Reports.htm).

## Program Activities

### 1. Safeguarding Union Assets

As part of the effort to protect and safeguard union funds and assets, OLMS investigates possible embezzlement from unions and other violations of criminal laws. OLMS also conducts audits of labor unions to detect embezzlement and ensure and promote compliance with the LMRDA. Compliance audit closing letters are located on the OLMS website at [www.dol.gov/olms/regs/compliance/CA\\_closing\\_letters.htm](http://www.dol.gov/olms/regs/compliance/CA_closing_letters.htm). OLMS seeks to more effectively and accurately identify cases of fraud and embezzlement, with effectiveness measured by the percent of audits resulting in the opening of a “fallout” criminal case.

In FY 2014, OLMS exceeded its performance goal by increasing the fallout rate to 21.7 percent. By increasing the percent of audits that result in criminal case fallouts, OLMS was able to redirect resources from audits to its criminal investigation program. Thus, despite reduced agency resources, OLMS still exceeded its planned numbers of criminal cases processed and approached historical average levels in criminal convictions.

<b>OLMS Performance Goal – Financial Integrity</b>	<b>FY 2014 Target</b>	<b>FY 2014 Results</b>
Percent of Audits Resulting in a Criminal Case	14.75%	21.7%

<b>OLMS Enforcement Statistics – Financial Integrity</b>	<b>FY 2014 Plan</b>	<b>FY 2014 Results</b>
Criminal Cases Processed	262	265
Indictments	100	95
Convictions	100	100
Compliance Audits Conducted	312	258

Union officers, employees, and representatives have a duty to manage the funds and property of the union solely for the benefit of the union in accordance with its constitution. A union officer or employee who embezzles or misappropriates union funds or assets commits a federal crime punishable by imprisonment or fine, or both. OLMS is responsible for investigating these crimes. The following are some of the most significant criminal enforcement actions from FY 2014.

**Former Union President Sentenced to Prison for Embezzlement**

In October 2013, Oscar Berry, former President of Glass, Molders, Pottery, Plastics & Allied Workers International Union (GMP) Local 284 in Longview, Texas, was sentenced to one year and one day of incarceration and three years of supervised release. He was also ordered to pay \$124,181 in restitution. In April 2013, Berry pled guilty to one count of embezzlement. The OLMS investigation determined that, from April 2000 to June 2011, Berry embezzled union funds by writing unauthorized checks to himself and using the funds for personal expenses and as gifts to relatives and friends. Berry served as the Local 284 President starting from when the local was established in 1988 until he resigned from his office in June 2011.

**Ex-President of California’s Largest Union Sentenced to Prison for Embezzling over \$123,000**

In October 2013, Tyrone Ricky Freeman, former President of Service Employees International Union (SEIU) Local 6434 in Los Angeles, California, was sentenced to 33 months of imprisonment followed by five years of supervised release and was ordered to pay restitution in the amount of \$123,539 and a \$1,100 special assessment. Local 6434 represents the United Long Term Care Workers in Los Angeles and is the state's largest union. In January 2013, Freeman was convicted of four counts of mail fraud, one count of making a false statement to a federally insured financial institution, and six counts of embezzlement of labor union assets. The investigation disclosed that Freeman pilfered money from Local 6434 by diverting reimbursement payments to himself from a public sector union, California United Homecare Workers, that were meant for his union. He also was found guilty of lying to a bank when applying for a home loan of nearly \$700,000 by falsely saying that the union paid for his personal credit card debt and monthly auto lease payments.

The investigation was conducted jointly with the Department of Labor's Office of Inspector General, Employee Benefits Security Administration, the Federal Bureau of Investigation, and the Internal Revenue Service.

#### **Former Union President Sentenced for Embezzling over \$112,000**

In November 2013, Federck C. Petro, former President of American Federation of Government Employees (AFGE) Local 2094 in New York, New York, was sentenced to six months of home confinement, three years of probation, and was ordered to pay \$112,477 in restitution. In February 2013, Petro pled guilty to one count of embezzling union funds on federal property. The investigation disclosed that while serving as the union president from February 2006 through July 2008, Petro wrote approximately 187 checks from the union's bank account to himself with false purposes noted in the memo line. The investigation was conducted jointly with the Department of Veterans Affairs' Office of Inspector General.

#### **Former Union President Sentenced to Prison for Wire Fraud**

In November 2013, Danny L. Hubbard, former President of American Federation of Government Employees (AFGE) Local 1380 in Panama City, Florida, was sentenced to 30 months of incarceration in the Bureau of Prisons, followed by three years of supervised release and was ordered to pay \$91,600 in restitution and a \$2,400 special assessment. In August 2013, Hubbard pled guilty to 24 counts of wire fraud. An OLMS investigation found that, between November 2006 and May 2008, Hubbard embezzled money from his union, which represents federal employees who work at the Naval Support Center in Panama City. Hubbard wrote union checks out to himself for cash and to various stores for personal expenses. Following the embezzlement, Hubbard left Florida and relocated to at least three different states. OLMS was able to locate Hubbard after several internet searches resulted in the discovery of a restaurant run by Hubbard and his wife in South Carolina. At the time, Hubbard worked in New Mexico and refused to be interviewed by OLMS.

#### **Former Union President Sentenced to Prison in \$1 Million Fraud and Kickback Scheme**

In November 2013, Hector Lopez, former President of Painters Local 8A-28A in Long Island City, New York, was sentenced to four years in prison and was ordered to pay \$800,371 in restitution and make a forfeiture of \$371,000 to the federal government for a total financial obligation of \$1,171,371. In April 2013, Lopez pled guilty to one count of conspiracy to commit mail fraud and wire fraud and one count of tax evasion. Lopez accepted nearly \$750,000 in kickbacks from a third-party benefit fund administrator so that the administrator could keep his position. He also accepted kickbacks from an employer trustee of the fund in exchange for authorizing false invoices for the union hall renovation and the installation of a new sprinkler system. Lopez also failed to report over \$300,000 in personal income from these schemes to the IRS. Lastly, Lopez criminally violated the Taft-Hartley Act by living rent-free in a home owned by the employer trustee and illegally structured over \$82,000 in cash deposits at local banks to evade federal currency reporting requirements. The investigation was conducted jointly with the Department of Labor's Office of Inspector General, Employee Benefits Security Administration, and the Internal Revenue Service.

#### **Former Union Secretary-Treasurer Sentenced to Prison for Embezzlement**

In January 2014, Natasha J. Bever, former Secretary Treasurer of Communications Workers of America (CWA) Local 4202 in Rantoul, Illinois, was sentenced to one year plus one day in

prison and three years of supervised release. Bever was also ordered to pay the remaining restitution of \$55,759. In June 2013, Bever pled guilty to one count of embezzlement of union funds totaling \$149,404. An OLMS investigation found that Bever took excessive salary payments from the union's payroll account, made out unauthorized checks to herself, and put unapproved personal expenses on the union's debit card. The personal expenses included meals, cable TV, community college tuition, fuel and purchases at several stores. In several instances, Bever received per-diem in advance for travel expenses and used the union's credit card for lavish meals, taxi, car rental, fuel, and hotel expenses.

#### **Former Union Financial Secretary Sentenced to Prison for Embezzling over \$152,000**

In April 2014, Kristie McClarren, former Financial Secretary of United Auto Workers (UAW) Local 3061 in Crestline, Ohio, was sentenced to 18 months of confinement followed by two years of supervised release with standard and special conditions. McClarren was also ordered to make full restitution. In January 2014, McClarren pled guilty to embezzlement of \$152,639. The investigation found that McClarren used the union's debit card to make more than 200 unauthorized cash withdrawals and more than 175 personal purchases at various locations including Coach, Wal-Mart, Best Buy, and a local casino. McClarren also issued more than 30 unauthorized checks made payable to herself or to "cash" and used union funds to purchase a vehicle. The investigation was conducted jointly with the Department of Labor's Office of Inspector General.

#### **Former Union Officer Sentenced for Embezzling over \$158,000**

In April 2014, Ronald Karr, former Secretary-Treasurer of International Brotherhood of Electrical Workers (IBEW) Local 2359 in Sugar Grove, Ohio, was sentenced to two years of probation and was ordered to pay a \$4,000 fine. Karr previously paid restitution in full. In December 2013, Karr pled guilty to one count of embezzlement in the amount of \$158,150. An OLMS investigation discovered that from January 2006 until February 2011, Karr stole union money through unauthorized cash withdrawals, debit card purchases, and checks to himself totaling \$158,150. Karr used union funds for a transmission rebuild of his personal vehicle, a rifle, an enclosed trailer, and over 200 purchases at Wal-Mart.

#### **Former Financial Managers to the National Basketball Players Association Sentenced**

In June 2014, Joseph Lombardo, Founder and Managing Director of Prim Capital Corporation, was sentenced to 18 months in prison, three years of supervised release, and was ordered to pay a \$10,000 fine. In November 2013, Lombardo pled guilty to mail fraud and conspiracy to obstruct justice relating to his attempt to defraud the National Basketball Players Association in New York, New York, of \$3 million through the use of a fraudulent retention contract. In May 2014, Carolyn Kaufman, a principal of Prim Capital Corporation, was sentenced to six months of home confinement with monitoring, three years of probation, 500 hours of community service, and was fined \$25,000. In December 2013, Kaufman was found guilty following an eight-day trial of conspiracy to obstruct justice, obstruction of justice, and perjury related to Lombardo's fraud attempt. The investigation found that Lombardo created and used a signature stamp of the NBPA's deceased General Counsel Gary Hall on the fraudulent contract. The contract had a provision stating that it could not be cancelled by the NBPA for any reason which would have bound the union to Prim for the full five-year term of the contract. The investigation was conducted jointly with the Department of Labor's Office of Inspector General.

### **Former Louisiana Union Employee Sentenced for Embezzling Cash Dues**

In September 2014, Jeanine Breaux, former secretary/bookkeeper for United Brotherhood of Carpenters Local 1846 in Metairie, Louisiana, was sentenced to three years of probation and was ordered to pay restitution in the amount of \$82,414. In March 2014, Breaux pled guilty to a one-count bill of information with embezzlement of union funds. An investigation conducted by OLMS found that Breaux received cash dues payments at the union hall, credited the union members' accounts in the union's financial books, but did not deposit all of the cash she collected. In an attempt to cover up her crime, she also falsified electronic records which caused the union to file false annual financial disclosure reports with DOL.

### **Former Bookkeeper Sentenced to Prison for Embezzling over \$174,000 for Gambling**

In September 2014, Amy Atherton, former bookkeeper for Laborers Local 366 in Sheffield, Alabama, was sentenced to six months of confinement, six months of home detention, and was ordered to pay restitution totaling \$174,283. In June 2014, Atherton pled guilty to one count of providing false statements. An OLMS investigation disclosed that, from June 2006 through April 2011, Atherton embezzled more than \$300,000 in cash receipts from the union. In an attempt to hide her embezzlement, Atherton created two deposit tickets – one maintained in the union records, the other submitted to the bank with her deposits. Atherton pleaded guilty after making false statements in an attempt to clear her name and implicate a witness who had died. Much of the embezzled money had been spent at nearby casinos. The investigation was conducted jointly with the Department of Labor's Office of Inspector General and the Federal Bureau of Investigation.

### **Former Union Officials Sentenced for Embezzlement Scheme**

In September 2014, JC Stamps, former Executive Director and Founder of the National Union of Protective Services Associations (NUPSA) and the National Union of Law Enforcement Associations (NULEA), both located in Washington, D.C., was sentenced to nine months of confinement in a community correctional facility, three years of supervised probation, 100 hours of community service, and was ordered to pay restitution of \$192,091. In June 2014, Stamps pled guilty to theft from an employee benefit plan for embezzling from the two unions and NUPSA's health and welfare fund. Also in September 2014, Patricia Moore, former employee and Secretary-Treasurer of NUPSA, was sentenced to 150 days home confinement with electronic monitoring, four years of supervised probation, and was ordered to pay restitution of \$107,346. In October 2011, Moore pled guilty to one count of conspiracy to commit wire fraud from NUPSA and NULEA. The investigation found that between 2004 and 2008, Stamps devised a scheme to defraud and embezzle money in several ways from the unions and the health and welfare fund. He used the union and plan monies to pay his personal credit card charges, such as hotel stays, furniture, men's fragrances, clothing, other retail purchases, and online services, as well as for unauthorized union expenses, including hotel rental (for a holiday party), car rentals, and attorney fees. The investigation also found that Moore received fraudulent salary payments through a conspiracy with Stamps and made personal charges on the union credit card to pay for transportation services, personal meals, and a trip to Disney World. The investigation was conducted jointly with the Department of Labor's Office of Inspector General and Employee Benefits Security Administration.

## 2. Protecting Union Democracy

The LMRDA establishes democratic standards for conducting union officer elections, such as the frequency and method of election, the right of members in good standing to be candidates, rights of candidates, and voting rights of members. When a union member files a timely complaint protesting a regularly scheduled election of union officers following a timely and proper internal protest, OLMS conducts an investigation. If the investigation reveals a violation of the union democracy provisions of the LMRDA that may have affected the outcome of the election, OLMS asks the union to agree to allow OLMS to supervise a new election. If the union agrees, a voluntary compliance agreement is signed. If the union does not voluntarily agree to remedy the violation, OLMS takes legal action seeking a new election supervised by OLMS. The agency also conducts investigations to determine the validity of the imposition or continuation of trusteeships imposed by national unions on subordinate bodies. Trusteeship investigations are conducted upon receipt of a complaint from a member or subordinate body.

OLMS seeks to improve the timely resolution of union officer election complaints, which is measured by the average number of elapsed days. In FY 2014, OLMS exceeded its performance goal by reducing the average number of elapsed days to resolve union officer election complaints to 72 days. OLMS tracks the number of election investigations and supervised elections, which are dependent upon the number of election complaints received by OLMS. The FY 2014 planning projections in those categories are based on historical averages. OLMS does not project or estimate the number of lawsuits filed or voluntary compliance agreements obtained in a year, given that such actions are dependent upon the facts of each case.

<b>OLMS Performance Goal – Union Democracy</b>	<b>FY 2014 Target</b>	<b>FY 2014 Results</b>
Number of Days to Resolve Election Complaints	74	72

<b>OLMS Enforcement Statistics – Union Democracy</b>	<b>FY 2014 Plan</b>	<b>FY 2014 Results</b>
Election Investigations Conducted	109	135
Lawsuits Filed	NA	7
Voluntary Compliance Agreements Obtained	NA	20
Supervised Elections Completed	30	22
Trusteeship Investigations	7	19

The following highlights some of the most significant OLMS election cases during FY 2014.

### **OLMS Supervises APWU Local 229 Election of Union Officers**

In July 2013, OLMS entered into a voluntary compliance agreement with American Postal Workers Union (APWU) Local 229 in Aurora, Colorado, concerning the challenged election in March 2013. The union agreed to conduct new nominations, a new election, and an installation for the offices of Clerk Craft Director, Director of Maintenance, Maintenance Trustee, and Motor Vehicle Trustee under OLMS supervision. The investigation established that Local 229's meeting attendance requirement (potential candidates were required to attend at least three of nine union meetings prior to nominations) disqualified more than 97 percent of the union's membership. During the investigation, it was determined that there were members who would

have run for office and been qualified for the positions except for the union's meeting attendance requirement. The agreement specifically states that the meeting attendance requirement will not be enforced in the supervised election. Additionally, the local agreed to take the necessary steps to remove the meeting attendance requirement from its bylaws. The supervised election was completed by mail ballot in January 2014.

### **OLMS Supervises Historic IAM Election of International Union Officers**

In August 2013, the Department entered into a voluntary compliance agreement with the International Association of Machinists and Aerospace Workers (IAM) in Upper Marlboro, Maryland, concerning its 2013 election of international officers. The IAM agreed to conduct new nominations and a new election for the offices of international president, general secretary-treasurer, and eight general vice presidents under OLMS supervision. The investigation disclosed that the union failed to provide notice of nomination to the membership regarding the nomination of international officers, local lodges did not provide notice of their nomination meetings to all members, and members were denied a reasonable opportunity to nominate candidates when some members were working at the time of the nomination meeting and/or endorsement vote and no alternative method of nomination was provided. The supervised election was held in April 2014 and the ballot tally was held in May 2014. The election was held at over 800 polling sites throughout the United States and Canada. This was a historic election as it was the first contested election the IAM has had since 1961.

### **AFGE Local 3197 Holds New OLMS Supervised Election**

In October 2013, OLMS entered into a voluntary compliance agreement with Local 3197 of the American Federation of Government Employees (AFGE) in Seattle, Washington, concerning the union's March 2013 officer election. The union agreed to conduct a new election for 1st vice president, chief steward, local women's coordinator, and local fair practice coordinator under OLMS supervision. The investigation disclosed: inadequate safeguards to ensure a fair election; members were denied the right to vote because they were not advised of the date by which voted ballots had to be returned in order to be counted; some members were denied the right to vote because there was not adequate time between the ballot mailing and the tally; voted ballots and undelivered ballots were not properly safeguarded; and no effort was made to re-mail ballots to members whose ballots were returned to the union undelivered and there was no announced duplicate ballot request procedure. The supervised election was conducted by mail ballot and completed in February 2014.

### **UFCW Local 5 Enters into a Voluntary Compliance Agreement with OLMS**

In October 2013, OLMS accepted a voluntary compliance agreement with United Food and Commercial Workers (UFCW) Local 5 in San Jose, California, concerning its challenged election of officers conducted in September 2012, as well as the March 2013 re-run election ordered by the UFCW International Union. The union agreed to conduct a new election, including new nominations, for the offices of president, secretary-treasurer, recorder, and vice-presidents 1 through 31 under OLMS supervision. The investigation of the challenged election disclosed that union resources were used when the UFCW International President sent a campaign letter to various UFCW officers soliciting contributions and his executive assistant obtained the recipients' addresses while on union time. The supervised election was completed by mail ballot for the union's 29,000 members in September 2014.



### **Laborers Local 720 Holds New Officer Election under OLMS Supervision**

In January 2014, OLMS entered into a voluntary compliance agreement with Laborers Local 720 in Denver, Colorado, concerning the challenged election of officers conducted in June 2013. The union agreed to conduct a new election, including new nominations, for recording secretary under OLMS supervision. The investigation disclosed that Local 720 improperly applied its candidate qualifications. The supervised election was completed in April 2014.

### **ATU Local Division 788 Enters into a Voluntary Compliance Agreement with OLMS**

In July 2014, OLMS entered into a voluntary compliance agreement with Amalgamated Transit Union (ATU) Local Division 788 in St. Louis, Missouri, concerning the union's December 2013 election. The union agreed to conduct new nominations, a new election, and installation for the office of 1st Shed Captain, DeBaliviere Station under OLMS supervision. The investigation disclosed that the union failed to provide members a reasonable opportunity to nominate in that it failed to verify the eligibility of nominees and their nominators at the nomination meetings. The violation resulted in Local 788 improperly disqualifying an eligible nominee for 1st Shed Captain, DeBaliviere Station, because of her nominator's retiree membership status. The supervised poll site election was completed in November 2014.

### **AFGE Local 96 Enters into a Voluntary Compliance Agreement with OLMS**

In July 2014, OLMS entered into a voluntary compliance agreement with American Federation of Government Employees (AFGE) Local 96 in St. Louis, Missouri, concerning a challenged December 2013 election for two positions, president and first vice president for professionals. The union agreed to conduct a new election and installation for these two offices under OLMS supervision. The investigation disclosed that members were denied the right to vote when no effort was made to find correct addresses for the combined nomination and election notices and the ballot packages that were returned as undeliverable. Additionally, there was no notice of the replacement ballot request procedure posted and the Fall/Winter 2013 local newsletter contained articles from incumbent officers highlighting their accomplishments, one of which was reprinted in campaign literature. The supervised election was completed by mail ballot in October 2014.

### **AFGE Local 3314 Holds New OLMS Supervised Election**

In July 2014, OLMS entered into a voluntary compliance agreement with the American Federation of Government Employees (AFGE) and its Local 3314 in Buffalo, New York, concerning the challenged election of officers conducted in November 2013. The union agreed to conduct new nominations, a new election, and installation for the office of president under OLMS supervision. The investigation disclosed that the local improperly applied a candidate eligibility requirement and denied a member the right to be a candidate for president. The supervised election was completed by mail ballot in October 2014.

### **OLMS Supervises Election of Electrical Workers Local 98 Executive Board Positions**

In August 2014, OLMS entered into a voluntary compliance agreement with the International Brotherhood of Electrical Workers (IBEW) Local 98 in Philadelphia, Pennsylvania, concerning the challenged election in May 2014. The union agreed to conduct a new election for five executive board positions under OLMS supervision. The investigation disclosed that the union improperly determined that two nominees for executive board were ineligible to run for office. The supervised polling site election was completed in November 2014.

### **IBEW Local 124 Agrees to Hold New OLMS Supervised Election**

In August 2014, OLMS entered into a voluntary compliance agreement with International Brotherhood of Electrical Workers (IBEW) Local 124 in Kansas City, Missouri, concerning a challenged June 2014 officer election. The union agreed to conduct a new election for vice-president, financial secretary, treasurer, business manager, and seven executive board positions under OLMS supervision. The investigation disclosed that the union failed to elect its officers by secret ballot when members stood in line with their unfolded two-sided voted ballots and placed them in an open ballot box. The supervised polling site election was completed in December 2014.

### **Department Files Lawsuit Against APWU Local 458**

In August 2014, in the United States District Court for the District of Maine, the Department filed suit against American Postal Workers Union (APWU) Local 458 in Portland, Maine, concerning its March 2014 election of officers. The OLMS investigation determined that the incumbent president used a union list containing members' personal and work e-mail addresses to send campaign literature promoting his candidacy and the candidacy of the general vice president. The list was not provided to any other candidates. The violation may have affected the general president and general vice president races. The lawsuit is pending final resolution.

## **3. Labor Union and Labor-Management Transparency**

The LMRDA is predicated on the principle that union members, officers, and the general public benefit by having access to information about labor unions, their officers and employees, employers, labor relations consultants, and surety companies. To this end, OLMS administers a comprehensive reporting and disclosure program. OLMS also offers compliance assistance sessions for union members and officials on the financial reporting obligations under the LMRDA.

Unions must file annual financial reports (Forms LM-2, LM-3, LM-4, or simplified filings) with OLMS. Unions must also file trusteeship reports (Forms LM-15, LM-16) when supervision or control is established over a subordinate body. Other entities – employers (Form LM-10), labor relations consultants (Forms LM-20, LM-21), union officers and employees (Form LM-30), and surety companies (Form S-1) – are also required to file reports under certain circumstances. Reports are available for public disclosure on the OLMS Online Public Disclosure Room website, [www.unionreports.gov](http://www.unionreports.gov). OLMS also collects and maintains collective bargaining agreements (CBAs) filed by CBA signatories on a voluntary basis. CBAs covering 1,000 or more workers are maintained by OLMS and are located at [www.dol.gov/olms/regs/compliance/cba/index.htm](http://www.dol.gov/olms/regs/compliance/cba/index.htm).

OLMS received and processed the following public disclosure reports in FY 2014.

<b>OLMS LMRDA Reports Administration</b>	<b>FY 2014</b>
Form LM-1 Labor Organization Information Reports	146
Form LM-2 Labor Organization Annual Reports	4,679
Form LM-3 Labor Organization Annual Reports	11,230
Form LM-4 Labor Organization Annual Reports	6,973

Simplified Labor Organization Annual Reports	1,270
Form LM-10 Employer Reports	970
Form LM-15 Trusteeship Reports (initial, semiannual, and 15A)	220
Form LM-16 Terminal Trusteeship Reports	43
Form LM-20 Labor Relations Consultant Agreement and Activities Reports	638
Form LM-21 Labor Relations Consultant Receipts and Disbursements Reports	119
Form LM-30 Labor Organization Officer and Employee Reports	625
Form S-1 Surety Company Annual Reports	72
Total Reports	26,985

In FY 2011, OLMS introduced its new Electronic Forms System (EFS). EFS is a web-based system for completing and submitting Labor-Management (LM) reports. Implementation of EFS is being conducted in phases. Currently, Form LM-2, LM-3, and LM-4 Labor Organization reports and Form LM-30 Labor Organization Officer and Employee reports can be filed via EFS. EFS allows any filer with a web-enabled computer to complete and electronically submit an LM report without any special software or a digital signature. EFS performs calculations for the LM report and completes a form error check prior to submission to OLMS. EFS also allows unions that maintain electronic accounting records to import financial data from their accounting programs directly into their LM form. When labor organization annual reports are not filed in a timely manner or the reports filed are not acceptable, OLMS opens an investigation to obtain compliance. Additionally, when reports due from employers, labor relations consultants, and union officers and employees are not timely or properly filed, OLMS pursues delinquent and deficient reports from these entities, as “Special Reports” cases.

In FY 2014, 100 percent of LM-2 filers, over 41 percent of LM-3 filers, over 38 percent of LM-4 filers, and over 20 percent of LM-30 filers submitted their annual reports via EFS, which has increased timely and accurate filing. In FY 2014, OLMS exceeded its performance goal by increasing the percent of all LM reports filed electronically to 45 percent. OLMS also tracks the numbers of delinquent and deficient reports and special reports cases completed. The FY 2014 planning projections in those categories are largely based on historical averages. Enhanced OLMS outreach efforts have improved timely reporting compliance resulting in fewer than projected delinquent reports cases, as noted in the chart below.

<b>OLMS Performance Goal – Reporting and Disclosure</b>	<b>FY 2014 Target</b>	<b>FY 2014 Results</b>
Percent of Reports Filed Electronically	38.5%	45%

<b>OLMS Enforcement Statistics – Reporting and Disclosure</b>	<b>FY 2014 Plan</b>	<b>FY 2014 Results</b>
LM-2/3/4 Delinquent Reports Cases Completed	2,071	1,749
LM-2/3/4 Deficient Reports Cases Completed	194	227
Special Reports Cases Completed	64	75

#### 4. Employee Protections

OLMS’ Division of Statutory Programs (DSP) administers responsibilities under federal transit law by ensuring that fair and equitable arrangements protecting mass transit employees are in place before the release of federal transit assistance. When federal funds are used to acquire,

improve, or operate a transit system, federal law requires that arrangements must be made to protect the rights of affected mass transit employees. These arrangements must be approved by OLMS before the U.S. Department of Transportation's Federal Transit Administration (FTA) can release funds to mass transit employers.

In FY 2014, DSP certified 2,065 federal transit grants, with 97% percent of grants (1,993 of 2,065) certified within a 45-day timeframe, well under the 60 days permitted by guidelines. More information about employee protections under federal transit law can be found at [www.dol.gov/olms/regs/compliance/compltransit.htm](http://www.dol.gov/olms/regs/compliance/compltransit.htm).

## **5. Compliance Assistance**

In FY 2014, OLMS undertook the following initiatives as part of a comprehensive compliance assistance program to educate unions, union officials, employers and consultants about the LMRDA:

- OLMS continued its program of structured, nationwide compliance assistance seminars but sought to reduce the number of sessions while increasing attendance through enhanced recruitment. The goal of this program is to provide an opportunity each year for the officers of every labor organization to attend a compliance assistance seminar. The content of the compliance assistance seminar is similar throughout the country so that every officer in attendance benefits from the same material. In FY 2014, OLMS conducted compliance assistance seminars for 3,219 attendees. In total, OLMS recorded 13,428 contact hours of compliance assistance (i.e., the number of participants multiplied by the number of hours of instruction).
- OLMS continued to be responsive to all specific requests for compliance assistance seminars. OLMS received and responded to hundreds of requests for information and interpretations.
- OLMS strengthened and reinvigorated its voluntary compliance partnerships, formally reinstating the Voluntary Compliance Partnership (VCP) program as a key tool for promoting voluntary compliance. VCP is a strategic effort that leverages leadership at 42 international and national unions to improve the compliance of their affiliates. Ultimately, VCP aims to demonstrate the impact of a national compliance program on important objectives, i.e., timely reporting, utilization of OLMS' Electronic Filing System, bonding coverage and other items comprised in OLMS audits. In FY 2014, VCP contributed approximately 200 compliance assistance contact hours and the OLMS Director met the Secretary Treasurers of nine of the largest unions in the country.
- OLMS conducted two live Webinars on common reporting errors, one for filers of the Form LM-2 Labor Organization Annual Report and one for filers of the Form LM-3 Labor Organization Annual Report.
- OLMS managed a public email address, enabling it to respond to 1,740 inquiries and requests in the year.
- OLMS continued its Persuader Reporting Orientation Program (PROP) for employers hiring consultants in National Labor Relations Board (NLRB) certification elections. OLMS sent a letter to all employers and representatives listed in certification petitions advising them of their potential reporting responsibilities under Section 203 of the LMRDA.