

2017 Annual Report



Office of Labor-Management Standards

U.S. Department of Labor

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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 (CSRA) and the Foreign Service Act of 1980 (FSA), 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, but are not limited to, violations of the LMRDA involving union election procedures, financial disclosure requirements, and trusteeship standards. OLMS also conducts audits of union finances.

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 2017 criminal enforcement and performance results pursuant to LMRDA Title V (financial safeguards for labor organizations) together with noteworthy criminal enforcement actions. A complete listing of the FY 2017 criminal actions is located on the OLMS website for calendar years [2016](#) and [2017](#).
- Section 2 presents key FY 2017 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 2016. A listing of all FY 2017 voluntary agreements for OLMS-supervised union officer elections is located on the OLMS website for calendar years [2016](#) and [2017](#). FY 2017 court actions for election investigations are located on the OLMS website for calendar years [2016](#) and [2017](#). Final decision letters in election and trusteeship cases are located on the OLMS website in the [FOIA reading room](#).
- Section 3 presents reporting and disclosure data and related program activity pursuant to LMRDA Title II (reporting requirements). Section 3 also presents key FY 2017 reporting enforcement and performance results. Reports are available for public disclosure on the OLMS Online Public Disclosure Room website, www.unionreports.gov.
- Section 4 summarizes grant certification activity pursuant to the 13(c) program, which ensures fair and equitable arrangements protecting mass transit employees, as required by the Federal Transit Act.
- Section 5 briefly describes compliance assistance activities conducted in FY 2017.

OLMS [Annual Reports for 2004 - 2016](#) are located on the OLMS website.

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 embezzlements and ensure and promote compliance with the LMRDA. Compliance audit closing [letters](#) are located on the OLMS website. Because it is not feasible for OLMS to audit every union, OLMS developed a methodology to direct its auditing resources to unions where criminal activity is more likely to be found. The effectiveness of this methodology is measured by the percent of audits resulting in the opening of a “fallout” criminal case.

In FY 2017, OLMS exceeded its performance goal by achieving a fallout rate of 18.75 percent. By achieving this high percentage of audits resulting 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 both compliance audits and criminal investigations completed.

OLMS Performance Goal – Financial Integrity	FY 2017 Target	FY 2017 Results
Percent of Audits Resulting in a Criminal Case	15.5%	18.75%

OLMS Enforcement Statistics – Financial Integrity	FY 2017 Plan	FY 2017 Results
Criminal Investigations Completed	221	248
Indictments	80	77
Convictions	80	79
Compliance Audits Conducted	204	256

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. Further, section 504 of the LMRDA prohibits individuals convicted of certain crimes from holding union office or employment or serving in other prohibited capacities. The bar continues for 13 years after conviction or after the end of imprisonment, whichever is later. The following are some of the most significant criminal enforcement actions from FY 2017.

Former Union Official Sentenced to Home Incarceration for Embezzlement

In October 2016, Clinton Humphrey, former President and Business Manager of International Brotherhood of Electrical Workers (IBEW) Local 386 in Texarkana, Arkansas, was sentenced to six months of home confinement and five years of probation for embezzlement of union funds. Humphrey was also ordered to pay restitution in the amount of \$51,812 and a \$100 special assessment. The OLMS investigation found that from March 2010 through November 2014, Humphrey used the local’s Bank of America credit card to make personal purchases for himself and his family members. Humphrey used the credit card to pay himself over \$19,000 using the card’s convenience checks. In addition, Humphrey used the card to pay over \$2,100 for his son’s honeymoon trip to Cancun.

Former Union Officer Sentenced to Prison for Embezzling over \$318,000 in Union Funds

In December 2016, David Fleury, former President of Bricklayers Local 6 in Rockford, Illinois, was sentenced to two years of incarceration and three years of supervised release for embezzling union funds. He was also ordered to pay \$318,036 in restitution and a \$100 special assessment. The OLMS investigation found that Fleury gave himself double salary payments every pay period for over four years and made unauthorized credit card expenditures with the union credit card. He used the money to support a gambling addiction and to live above his means.

Former Union Officer Sentenced to Prison for over \$143,000 of Embezzled Union Funds

In January 2017, Charles Nelson, former Secretary-Treasurer of the National Council of Security Police (NCSP), formally in Yakima, Washington, was sentenced to six months in a federal penitentiary and three years of federal probation for embezzling union funds. He was also ordered to pay restitution in the amount of \$143,489 and a \$100 fine. The OLMS investigation found between May 2008 and January 2014, Nelson authored and issued 68 unauthorized checks to himself totaling \$96,543 for false purposes

and either cashed the checks or deposited the checks to his personal bank accounts. Also, between December 2011 and January 2014, Nelson made 25 unauthorized bank transfers from the NCSP checking account to his personal account totaling \$28,290 that were made for false purposes. Lastly, between March 2008 and November 2011, Nelson made six unauthorized withdrawals from the NCSP CD account totaling \$18,655.

Two Former Union Officers Sentenced to Prison for a Kickback Conspiracy

In January 2017, Louis Smith, former President of Teamsters Local 810 in Long Island City, New York, was sentenced to one year in prison followed by two years of supervised release. He was also ordered to pay \$151,481 in forfeiture. Smith had already paid \$213,264 in restitution to the local's health and welfare fund. In March 2017, Johnnie Miranti, former Secretary-Treasurer of the Toy and Novelty Workers Local 223, in New York, New York, was sentenced to eight months of imprisonment followed by three years of supervised release. He was also ordered to pay \$138,500 in forfeiture and a \$5,000 fine. At the sentencing, the court also denied Miranti's petition requesting a reduction from 29 U.S.C. 504 and 1111, which prohibits persons convicted of certain crimes from holding union and/or employee benefit fund office or employment, or serving in other prohibited capacities, for a period of 13 years following conviction or the end of imprisonment. Rocco Miranti, former Local 223 President, passed away prior to a disposition of his charges. In June 2015, Rocco and Johnnie Miranti, as well as Smith, were charged in an indictment with conspiracy to solicit and receive kickbacks in union sponsored employee benefit plans as well as other crimes. The investigations were conducted jointly with the U.S. Attorney's Office for the Southern District of New York and the FBI's Organized Crime Task Force which includes the Department of Labor's Office of Inspector General and the NYPD.

Former Union Officer Sentenced to Prison for Embezzlement of over \$1 Million

In February 2017, Robert Smith III, former Business Agent and Financial Secretary of International Longshoremen's Association (ILA) Local 970 in Norfolk, Virginia, was sentenced to 41 months in prison followed by three years of supervised release. Smith was also ordered to pay \$1,072,669 in restitution. In October 2016, Smith pleaded guilty to one count of mail fraud for stealing \$1,072,669 from the union by making cash withdrawals from the union's bank account, paying his personal credit card bills, and using union funds to buy gas, food, clothing, shoes, toys, entertainment, home improvement supplies, and to support his drug habit. The investigation was conducted jointly with the Department of Labor's Office of Inspector General and the FBI.

A Former Union Official and Two Former Union Associates Sentenced to Prison for \$1.7 Million Embezzlement Scheme

In February 2017, three associates of Laborers Local 657 in Washington, D.C., were sentenced following investigations. Anthony Frederick, former Local 657 Business Manager, was sentenced to four years in prison, three years of probation, and 120 hours of community service. Christopher Kwegan, a Local 657 contractor, was sentenced to three years in prison, three years of probation, and 120 hours of community service. Gary Cooper, a Local 657 contractor, was sentenced to 68 months in prison, 36 months of probation, and 120 hours of community service. All three men were ordered to pay \$1,632,000 in restitution. In October 2016, Frederick pleaded guilty to separate counts of conspiracy to embezzle money from a labor organization, conspiracy to receive unlawful labor payments, conspiracy to commit wire fraud, and money laundering. In November 2016, Kwegan pleaded guilty to separate counts of conspiracy to commit embezzlement from a labor organization, conspiracy to accept unlawful labor payments, conspiracy to commit wire and honest services fraud, and money laundering. Also in November, Cooper was convicted by a jury of separate counts of conspiracy to embezzle from a labor

organization, conspiracy to make unlawful labor payments, wire fraud, and money laundering for stealing \$1.7 million from the union. The investigations were conducted jointly with the Department of Labor's Office of Inspector General and the FBI.

Former Union Officer Sentenced to Home Confinement for Embezzling over \$179,000

In February 2017, Harold Giberson, former President of Utility Workers Local 127 in Casper, Wyoming, was sentenced to six months of home confinement and five years of probation. He was also ordered to pay restitution in the amount of \$158,953 and a \$100 special assessment. In December 2016, Giberson pleaded guilty to embezzlement in the amount of \$179,052. The OLMS investigation found that Giberson used the union credit card to pay for personal expenses, including a \$3,000 visit to the Moonlite Bunny Ranch in Nevada, concert tickets, and expenses related to his Harley Davidson. He also received excess per diem and reimbursed travel expenses that were unauthorized.

Two Former Union Employers Sentenced for Kickback Scheme

In March 2017, Robert Fabrizio, the owner of Three Generations, a union contractor and an employer trustee of the Metal Polishers/Refinishers, Painters, Production and Novelty Workers, Sign Pictorial and Display, Automotive Equipment Painters Workers Union "Painters" Local 8A-28A welfare fund, was sentenced to eight months in jail and one year of supervised release. He was also ordered to make full restitution of \$743,032. In June 2017, Francis Mazzella, employer for members of Painters Local 8A-28A in Long Island City, New York, was sentenced to three years of probation and was ordered to pay more than \$400,000 in restitution. Fabrizio had pleaded guilty to separate counts of kickbacks to influence operations of an employee benefit plan and money laundering conspiracy. Mazzella had pleaded guilty to a two-count information charging him with conspiracy to commit wire fraud and mail fraud. Mazzella owned and controlled City-Wide, a New York City contracting firm. City-Wide entered into an agreement with Local 8A-28A to perform construction work on their union hall. The investigation disclosed that Mazzella submitted false invoices to the welfare fund claiming that City-Wide had performed the work resulting in being paid significantly inflated rates for work completed by Three Generations instead. Mazzella was also responsible for administering the payroll of Three Generations and would routinely pay employees all or a portion of their salaries in cash and did not disclose these payments to the IRS. Fabrizio was convicted of conspiring to facilitate a kickback scheme whereby the third party administrator (TPA) of the welfare fund paid him \$743,032 over a seven-year period, through a shell company he controlled, to ensure the TPA maintained his contract with the fund. Fabrizio shared these proceeds with co-conspirator Hector Lopez, former President of Local 8A-28A, who was sentenced to four years of incarceration following his conviction in November 2014. The investigations were conducted jointly with the Department of Labor's Office of Inspector General, the Employee Benefits Security Administration, and the IRS-CID.

Former Union Officer Sentenced to Embezzling over \$101,000 in Union Funds

In March 2017, Sharon Holmes, former Secretary-Treasurer of American Postal Workers Union (APWU) Local 807 in Columbia, South Carolina, was sentenced to one day of imprisonment and 18 months of supervised release for embezzling union funds. Holmes was also ordered pay restitution in the amount of \$101,987 and a \$100 special assessment. The OLMS investigation found that Holmes funneled much of the money she embezzled to various personal businesses and projects.

Former Union Officer Sentenced to Prison for Wire Fraud

In June 2017, Michael R. Bennett, former President of United Auto Workers (UAW) Local 2317 in Lafayette, Indiana, was sentenced to 15 months of incarceration, one year of supervised release, and was also ordered to pay restitution of \$18,047 and a \$100 special assessment. Bennett previously paid

\$84,807 in restitution. In November 2016, Bennett pleaded guilty to one count of wire fraud for diverting over \$100,000 in unions funds for personal use. The OLMS investigation established that from December 2010 through December 2014, Bennett embezzled at least \$102,854 by issuing 177 checks to himself (\$71,495), issuing 29 checks to other individuals (\$11,533), retaining cash from rentals of the union hall (\$18,000), and retaining eight refunds from retail returns of previous union purchases (\$1,826). Bennett submitted false vouchers to the union for mileage, per diem, and lost wages for union related travel that he did not attend and/or did not occur. In addition, Bennett submitted false vouchers for reimbursements for products and services that the union did not receive.

Former Union Officer Sentenced for Wire Fraud

In June 2017, Lon Sullivan, former Treasurer of American Federation of Government Employees (AFGE) Local 644 in Baltimore, Maryland, was sentenced to three years of probation and 200 hours of community service, and he was ordered to pay the remaining balance of restitution in the amount \$59,809. Sullivan previously paid \$37,000 in restitution. In February 2017, Sullivan pleaded guilty to wire fraud. The investigation found that Sullivan used his position as treasurer to issue checks from Local 644's bank account payable to himself and to another individual, among other schemes, for his personal benefit. The investigation was conducted jointly with the Department of Labor's Office of Inspector General.

Former Union Officer Sentenced to Prison for Embezzlement

In July 2017, Jay C. Roy, former Secretary-Treasurer of Sheet Metal, Air, Rail and Transportation (SMART) Local 1245 in Locust Grove, Georgia, was sentenced to two months of imprisonment and two years of probation, and he was ordered to pay \$83,417 in restitution and a \$100 special assessment. In March 2017, Roy pleaded guilty to one count of embezzlement of union funds. The OLMS investigation found that Roy embezzled funds in multiple ways. Roy embezzled by writing Local 1245 checks to himself for committee days that he also claimed from the international union, for committee days that were not approved or in excess of what was approved by the membership, for reimbursed expenses that lacked approval and/or were also paid directly from the local union, for unauthorized and unexplained travel expenses, for an extra salary payment, and for exaggerated mileage claims. Roy told OLMS that he felt that he was entitled to the extra money because he was working so hard for the union.

Former Union Officer Sentenced to Prison for Wire Fraud

In July 2017, Christopher Hayes, former Rhode Island Police Department Sergeant and former President of Fraternal Order of Police (FOP) Lodge 8 in Newport, Rhode Island, was sentenced to six months of imprisonment followed by six months of home confinement, three years of supervised release, 300 hours of community service, and he was ordered to pay \$71,523 in restitution. In May 2017, Hayes pleaded guilty to one count of wire fraud. Hayes admitted to the court that between August 2009 and December 2014, he used an FOP debit card to pay for his own personal expenses; wrote checks payable to himself from the FOP bank account; withdrew cash from the FOP bank account for personal use; and made online payments to his personal credit card from the FOP bank account, converting approximately \$71,523 in union funds for his own personal use. The investigation was conducted jointly with the Department of Labor's Office of Inspector General and the Rhode Island State Police.

Former Union Official Sentenced to Prison for Embezzling over \$168,000 in Union Funds

In August 2017, Edward Padilla, former Secretary-Treasurer/Business Manager of Laborers International Union of North America (LIUNA) Local 220 in Bakersfield, California, was sentenced to 21 months of imprisonment followed by three years of supervised release for embezzling union funds. Padilla was also ordered to pay \$168,780 in restitution and a \$100 special assessment. The OLMS

investigation found that Padilla wrote 41 unauthorized checks (22 salary and 19 unused sick leave - \$89,966), made over 200 unauthorized personal credit card transactions (\$70,654), and failed to return union property (\$8,159). The credit card transactions included three unauthorized trips to Las Vegas, Nevada, (one trip was \$11,000 which included air fare, hotel, Floyd Mayweather fight tickets, and shopping), two unauthorized trips to Arizona, and several transactions at multiple retail stores.

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 seeks a voluntary compliance agreement with the union to allow OLMS to supervise a new election. 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 between the receipt of the complaint and its resolution. As seen from the chart below, in FY 2017, OLMS exceeded its elapsed time performance goal of 71 days, by reducing the average number of elapsed days to resolve union officer election complaints to 64.7 days. OLMS tracks the number of election investigations and supervised elections, which is dependent upon the number of election complaints received by OLMS. The FY 2017 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.

OLMS Performance Goal – Union Democracy	FY 2017 Target	FY 2017 Results
Number of Days to Resolve Election Complaints	71	64.7

OLMS Enforcement Statistics – Union Democracy	FY 2017 Plan	FY 2017 Results
Election Investigations Conducted	107	114
Lawsuits Filed	NA	2
Voluntary Compliance Agreements Obtained	NA	19
Supervised Elections Completed	27	19
Trusteeship Investigations	14	17

The following highlights some of the most significant OLMS election cases during FY 2017.

OLMS Supervises Rerun Election in ATU Local 241

In February 2016, OLMS entered into a voluntary compliance agreement with Amalgamated Transit Union (ATU) Local 241 in Chicago, Illinois, to conduct new nominations in February 2017 and a new election in March 2017 for all officer positions with terms ending in December 2019. The OLMS investigation established that the membership list used for mailing the combined nomination/election notice (1) did not contain the names or addresses of 164 retired members, (2) did not contain the last known home address of 304 retired members, and (3) resulted in an unknown number of returned undeliverable election notices that the union made no effort to resend to members' correct addresses and subsequently discarded (which resulted in a separate violation). In all, 468 members may not have had notice of the election. The notice violation may have affected the outcome of four races (president/business agent, 1st vice president, 2nd vice president, and financial & recording secretary treasurer), in which retiree members were eligible to vote. The supervised election in this 10,000-member union was supervised by OLMS at 19 polling sites for both the general election and the run-off election in March 2017.

IAM District Lodge 141 Agrees to Hold New Election

In October 2016, OLMS entered into a voluntary compliance agreement with International Association of Machinists (IAM) District Lodge 141 in Elk Grove Village, Illinois, concerning the March 2016 election by acclamation of District Lodge 141 officers. The union agreed to OLMS supervision of nominations and election for all IAM District Lodge 141 officer positions at the time of the regularly scheduled election in 2018. The OLMS investigation of the challenged election disclosed that members in good standing of District Lodge 141 were denied the right to be candidates and to hold office because the district improperly applied a recently enacted bylaw provision changing the number of local lodge endorsements that nominees needed to become bona fide candidates from 4 to 10. The nationwide supervised election will be conducted in 2018.

Department Files Lawsuit against LIUNA Local 435

In October 2016, in the United States District Court for the Western District of New York, the Department filed suit against Laborers' International Union of North America (LIUNA) Local 435 in Rochester, New York. The lawsuit seeks to nullify the union's June 2016 election of president, recording secretary, business manager/secretary treasurer, executive board member, delegate to the international convention, auditor, and sergeant-at-arms. The complaint alleges that while on union paid time, the local's incumbent business manager/secretary treasurer used his union email account, laptop, and cell phone to review, revise, receive and transmit campaign materials to a printing and mailing service. In addition, a union member used an employer's list of members to send a campaign letter to as many as 52 other members promoting the incumbent slate. The lawsuit is pending final resolution.

Department Files Lawsuit against AFGE to Lift Trusteeship of Local 2002

In November 2016, in the United States Department of Labor Office of Administrative Law Judges, the Department filed suit against the American Federation of Government Employees (AFGE) concerning a trusteeship imposed on AFGE Local 2002 in Glynco, Georgia. The OLMS investigation concluded that AFGE imposed the trusteeship for an improper purpose when it took control of Local 2002 to prevent the local from disaffiliating from AFGE. The lawsuit asked for a judgment declaring the trusteeship void and directing AFGE to lift the trusteeship in order to restore democratic control to Local 2002. In January 2017, AFGE agreed to lift the trusteeship and conduct a new election of Local 2002 officers under OLMS supervision. The supervised election, with all officers winning by acclamation, was completed in April 2017.

UAW Local 7777 Enters into Voluntary Compliance Agreement with OLMS

In January 2017, OLMS entered into a voluntary compliance agreement with the United Auto Workers (UAW) Local 7777 in Detroit, Michigan, concerning an election of union officers conducted in June 2016. Local 7777 agreed to conduct new nominations and a new election for the offices of president, vice president, recording secretary, financial secretary, three trustees, guide, sergeant-at-arms, chairperson at each casino, and bargaining member-at-large at each casino. The OLMS investigation concluded that the union failed to provide proper notice of election, in that the union failed to make a reasonable attempt to re-send notices returned as undeliverable, did not make reasonable efforts to keep the membership list current, and failed to send notices to members who joined the union since the list was last updated. The investigation also concluded that the union failed to treat candidates equally with respect to the use of membership lists for the purpose of distributing campaign literature. The supervised polling site election was completed in April 2017.

AFGE Local 183 Agrees to Hold New Supervised Election

In May 2017, OLMS entered into a voluntary compliance agreement with the American Federation of Government Employees (AFGE) Local 183 in Anchorage, Alaska, concerning an election of officers conducted in November 2016. The union agreed to OLMS supervision of nominations and election for all Local 183 officer positions. The investigation of the challenged election disclosed that the local failed to do the following: provide a proper notice of nomination and election, provide a reasonable opportunity to nominate, comply with a reasonable request to distribute campaign literature, and provide adequate safeguards to ensure a fair election. The supervised mail ballot election was completed in November 2017.

CWA Local 32035 Holds Rerun Election under OLMS Supervision

In July 2017, OLMS entered into a voluntary compliance agreement with the Communications Workers of America (CWA) Local 32035 in Washington, D.C., concerning an election of officers conducted in January 2017. The union agreed to new nominations, if necessary, and a new election for the offices of president, vice president, and secretary under OLMS supervision. The investigation of the challenged election disclosed that, due to the local's failure to adequately safeguard a ballot box at one polling location, the local did not count the votes of members voting at that location. Consequently, the union denied those members the right to vote. The union failed to provide for an election by secret ballot vote and failed to follow their constitution and bylaws when selecting the election committee. The supervised polling site election occurred at 17 polling sites and included a mail ballot. The rerun was completed in November 2017.

BCTWGM Local 53 Agrees to Hold Rerun Election

In July 2017, OLMS entered into a voluntary compliance agreement with Bakery, Confectionary, Tobacco Workers and Grain Millers (BCTWGM) Local 53 in Rutherford, New Jersey, concerning a December 2016 challenged election of union officers. Local 53 agreed to hold new nominations and a new election for president, vice president, secretary-treasurer, vice chairman, and sergeant-at-arms. The OLMS investigation concluded that the local failed to properly safeguard voted ballots when it stored them in a desk drawer in the union office. The investigation also established that Local 53 could not account for all the ballots printed for the election and could not identify all the members who were mailed replacement ballots. The OLMS supervised election was completed in November 2017.

Court Orders ATU Local 689 Rerun Election under OLMS Supervision

In July 2017, in the United States District Court for the District of Maryland, Prince George's County, the court granted the Department's motion for summary judgment in a lawsuit against Amalgamated Transit Union (ATU) Local 689 in Washington, D.C. The lawsuit sought to nullify the local's December 2015 election for the offices of president, first vice president, second vice president, financial secretary-treasurer, recording secretary, and 17 other members of the Executive Board. The complaint alleged that Local 689 violated the LMRDA by failing to: 1) mail an election notice to each member's last known home address at least 15 days before the election; 2) uniformly apply candidate qualifications when it allowed some, but not all, candidates to run for office despite being delinquent in dues; and 3) conduct its election in accordance with its constitution and bylaws. The supervised election in this 13,000-member union was supervised by OLMS at 40 polling sites in December 2017.

AFGE Local 1336 Enters into Voluntary Compliance Agreement with OLMS

In August 2017, OLMS entered into a voluntary compliance agreement with American Federation of Government Employees (AFGE) Local 1336 in Kansas City, Missouri, concerning a December 2016 challenged election of union officers. Local 1336 agreed to hold new nominations and a new election for executive vice president, assistant treasurer, chief steward, vice president (ODAR), vice president (OQR), vice president (OFO), vice president (RO), payment center delegate, and payment center alternate delegate under OLMS supervision. Local 1336 also agreed to hold the election for national convention delegate as part of the same election. The investigation concluded that the local failed to provide adequate safeguards to ensure a fair election when it mailed the election notice by bulk mail. In addition, the investigation established that Local 1336 failed to mail an election notice to all eligible members. The new mail ballot election was completed under OLMS supervision in December 2017.

IAM Grand Lodge Agrees to Hold New Election

In August 2017, OLMS entered into a voluntary compliance agreement with the International Association of Machinists (IAM) Grand Lodge in Upper Marlboro, Maryland, concerning its challenged nomination/election of grand lodge officers that was completed in February 2017. The union agreed to conduct a new election, including new nominations, for the positions of international president, general secretary-treasurer, and seven U.S. based general vice presidents under OLMS supervision. The investigation of the challenged nomination/election revealed that the union imposed an unreasonable candidate eligibility requirement that required candidates to be endorsed by 10 percent (approximately 98) of the union's affiliated local lodges, and that resources of two affiliated district lodges were improperly used to promote incumbent candidates. In the new OLMS-supervised nomination and election, candidates will be required to be endorsed by 25 of the union's affiliated local lodges, which had been the union's requirement prior to 2016. The nationwide supervised election will be completed in 2018.

NPMHU Local 307 Agrees to Settle Department's Lawsuit and Hold New Election

In August 2017, in the United States District Court for the Eastern District of Michigan, a Consent Decree and Order was entered to resolve the Department's lawsuit against National Postal Mail Handlers Union (NPMHU) Local 307 in Detroit, Michigan. The Consent Decree and Order provides that the Department will supervise new nominations and a new mail ballot election for the Local 307 offices of president, vice president, recording secretary, treasurer, state executive board member, Detroit Network Distribution Center branch president, and Grand Rapids branch president, and a run-off election, if necessary, no later than April 16, 2018. The lawsuit sought to set aside the union's February

2016 election after the OLMS investigation concluded that the union failed to provide adequate safeguards to ensure a fair election and denied members in good standing their right to vote when envelopes containing members' voted ballots were diverted from the regular mail processing stream and not included in the tally of ballots.

Court Orders APFA Rerun Election under OLMS Supervision

In September 2017, in the United States District Court for the Northern District of Texas, Fort Worth Division, the court granted the Department's motion for summary judgment against the Association of Professional Flight Attendants (APFA) in Euless, Texas. The lawsuit sought to nullify the union's January 2016 election of national president, national vice president, national secretary, and national treasurer. The complaint alleged that APFA used an electronic voting method that permitted voters to be linked to their votes, in violation of the ballot secrecy requirement of section 401(a) of the LMRDA. Further, the electronic voting system used in the election did not permit an observer to verify that a vote was recorded and tallied accurately, in violation of section 401(c) of the LMRDA, which gives candidates the right to have an observer at the polls and at the counting of the ballots. The supervised election will be conducted by mail ballot in early 2018.

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, known as Labor-Management (LM) 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. OLMS also collects and maintains collective bargaining agreements (CBAs) filed by CBA signatories on a voluntary basis. The CBAs are located on the [OLMS website](#).

OLMS received and processed the following public disclosure reports in FY 2017.

OLMS LMRDA Reports Administration	FY 2017
Form LM-1 Labor Organization Information Reports	182
Form LM-2 Labor Organization Annual Reports	4,911
Form LM-3 Labor Organization Annual Reports	10,566
Form LM-4 Labor Organization Annual Reports	6,770
Simplified Labor Organization Annual Reports	1,210
Form LM-10 Employer Reports	835
Form LM-15 Trusteeship Reports (initial, semiannual, and 15A)	463
Form LM-16 Terminal Trusteeship Reports	85
Form LM-20 Labor Relations Consultant Agreement and Activities Reports	753

Form LM-21 Labor Relations Consultant Receipts and Disbursements Reports	87
Form LM-30 Labor Organization Officer and Employee Reports	592
Form S-1 Surety Company Annual Reports	69
Total Reports	26,523

OLMS utilizes a web-based Electronic Forms System (EFS) for completing and submitting 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, known as “Special Reports” cases.

In FY 2017, 100 percent of LM-2 filers, over 59 percent of LM-3 filers, over 60 percent of LM-4 filers, and over 25 percent of LM-30 filers submitted their annual reports via EFS, which has increased timely and accurate filing. In FY 2017, OLMS exceeded its performance goal by increasing the percent of all LM reports filed electronically to 58 percent. Based upon completed rulemaking, all Form LM-3 and Form LM-4 reports are required to be submitted electronically for fiscal years beginning on or after January 1, 2017. Form LM-2 filers already must complete their reports electronically. More information on mandatory Form LM-3 and LM-4 electronic filing is available on the OLMS website. OLMS also tracks the numbers of delinquent and deficient reports and special reports cases completed. The FY 2017 planning projections in those categories are largely based on historical averages.

OLMS Performance Goal – Reporting and Disclosure	FY 2017 Target	FY 2017 Results
Percent of Reports Filed Electronically	48%	58%

OLMS Enforcement Statistics – Reporting and Disclosure	FY 2017 Plan	FY 2017 Results
LM-2/3/4 Delinquent Reports Cases Completed	1,702	1,783
LM-2/3/4 Deficient Reports Cases Completed	151	227
Special Reports Cases Completed	67	116

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 2017, DSP certified employee protections for 1,667 federal transit grants, with 99% percent of grants (1,652 of 1,667) 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 on the [OLMS website](#).

5. Compliance Assistance

In FY 2017, 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 2017, OLMS conducted compliance assistance seminars for 4,335 attendees. In total, OLMS recorded 15,070 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 also received and responded to hundreds of requests for information and interpretations.
- OLMS continued to strengthen and improve the Voluntary Compliance Partnership (VCP) program, which promoted training and focused on transitioning LM-3 and LM-4 filers to mandatory e-filing as its key objective in FY 2017. As a result, VCP is becoming institutionalized in OLMS' mission of promoting financial integrity, transparency, and democracy in America's labor unions. VCP is a strategic effort that leverages leadership at 43 international and national unions to improve the compliance of over 16,000 affiliates. VCP provides compliance assistance, tools, information and leadership to national and international unions that, in turn, use such resources and information to attain important compliance objectives with their affiliates, i.e., timely reporting, utilization of EFS, bonding coverage and other items examined in OLMS audits. FY 2017 saw the program expand its utility by assisting international and national unions with understanding the implications of mergers, and standards for annual LM reporting and terminations. OLMS leadership met with the chief financial officers and staff of 34 of the participating internationals, emphasizing the importance of compliance. These efforts generated a total of 1,690 compliance assistance hours, 14% of the agency-wide goal for FY 2017.
- OLMS managed a public email address, enabling it to respond to nearly 2,000 inquiries and requests in the year.
- OLMS continued its Labor Organization Orientation Program (LOOP), which distributed information letters to newly registered labor organizations.