



March 28, 2018

Mr. Nate Laurie, President
Glass Molders Plastics Local 105
██████████
Zanesville, OH 43701

Case Number: 350-6012094 ██████████
LM Number: 054-364

Dear Mr. Laurie:

This office has recently completed an audit of Glass Molders Plastics under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and Financial Secretary Kevin Edmonson on February 28, 2018, 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 105's October 31, 2017 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

The recorded meeting minutes of the Local 105 are extremely vague in providing information concerning approved expense disbursements of the local. During the audit, you and Financial Secretary Kevin Edmonson advised OLMS that the union membership

authorizes and approves all travel expenses in advance before any union business trips are actually taken. However, the minutes of meetings did not contain any reference of membership approval to the United Steelworkers Convention held in Las Vegas, Nevada attended by you. Minutes of all membership meetings must report any disbursement authorizations made at those meetings.

2. Disbursements Documentation

Local 105 did not retain adequate documentation for disbursements totaling at least \$1,548. For example, no supporting documentation was available for registration fees to the USW Convention or for the Buckeye Conference, and no documentation was available supporting donations made to Kind Hands 4 Paws, VFW Hall, Graystone Hospice of Ohio, and DAV #121.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Lost Wages

Local 105 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$4,198. 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 105 lost time payments to officers and employees did not identify on the disbursement vouchers any of the required information listed above.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 105 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 expenses.

Based on your assurance that Local 105 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local 105 for the fiscal year ended October 31, 2017, was deficient in the following areas:

1. Reporting Executive Board Officers

Local 105 did not report the names of at least three executive board officers in Item 24 (All Officers and Disbursements to Officers). For example, executive board members Alex Hatfield, Bill Hollingshead, and Matt Akers should have had their names reported in Item 24. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

Section 3(n) of the LMRDA (29 U.S.C. 402) defines “officer” as “any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive function of the labor organization, and any member of its executive board or similar governing body.”

2. Disbursements to Officers

Local 105 did not include expense reimbursements to officers totaling at least \$1,615 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 and Item 54. For example, expense reimbursements made directly to former President Bill Stout and current President Nate Laurie should have been reported by their names in Item 24 Column E – Allowances and Other Disbursements.

In addition, Local 105 incorrectly reported quarterly salaries for its officers in Item 24 Column E. Monthly or quarterly payments to officers are considered “salary” and must be reported in Item 24 Column D – Gross Salary (before taxes and other deductions).

The union must report most direct disbursements to Local 105 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 105 file an amended LM report for October 31, 2017 to correct the deficient items, but Local 105 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Update Account Signature Cards

The audit disclosed past officers were still listed as signatory's for the two union accounts with Bayer heritage Federal Credit Union. OLMS recommends in the future when there are changes to the officer position, please be sure to update the union's credit union account signature cards as quickly as possible. We also recommend there be two signatures required on every union check written. The two signature requirement is an effective internal control of union funds.

I want to extend my personal appreciation to Glass Molders Plastics 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,



Investigator

cc: Mr. Kevin Edmonson, Financial Secretary