



December 11, 2023

Mr. Nathan Humphrey, Treasurer
Electrical Workers LU 386
PO Box 503
Texarkana, AR 75504

Case Number: 420-6027452()
LM Number: 056834

Dear Mr. Humphrey:

This office has recently completed an audit of Electrical Workers LU 386 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 President John Page and Financial Secretary Steve Smith on December 6, 2023, 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.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Electrical Workers LU 386 for the fiscal year ended July 31, 2023 was deficient in the following areas:

1. Disbursements to Officers

Electrical Workers LU 386 did not include some reimbursements to officers totaling at least \$20,300.92 to President John Page, Treasurer Nathan Humphrey, Financial Secretary Steve Smith and Director Chad Adair in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Electrical Workers LU 386 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).

2. Lost Time Reimbursements

Electrical Workers LU 386 did not include lost time reimbursements, paid to American Electric Power (AEP), totaling at least \$14,634.40 next to the officer's name on the LM-3 Report. AEP pays the salary of the president and treasurer when the officer is off work for union business. LU 386 reimbursed AEP after receiving an invoice and improperly reported the reimbursements on Item 54.

The union must report some indirect disbursements made on behalf of its officers 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. Lost time reimbursements are considered an "indirect disbursement."

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Electrical Workers LU 386 amended its constitution and bylaws in 2016, but did not file a copy with its LM report for that year.

4. Contribution, Gifts, and Grants

Electrical Workers LU 386 failed to properly report disbursements totaling \$4,458.07 for contributions, gifts, and grants on Items 51 and 24. Those disbursements were reported on Item 54.

The union must report most direct disbursements to Electrical Workers LU 386 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.

Electrical Workers LU 386 must file an amended Form LM-3 for the fiscal year ended July 31, 2023, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than December 29, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Electrical Workers LU 386's officers and employees are currently bonded for \$30,000, but they must be bonded for at least \$31,000. Electrical Workers LU 386 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than December 29, 2023.

I want to extend my personal appreciation to Electrical Workers LU 386 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. John Page, President
Mr. Steve Smith, Financial Secretary
Mr. Chad Adair, Director
Mr. Mark Brock, Director