



March 6, 2024

Ms. Teresa Payne
Treasurer/Business Manager
Insulators Local 64
4428 E. Admiral Place
Tulsa, OK 74115

Case Number: 420-6027375()
LM Number: 047868

Dear Ms. Payne:

This office has recently completed an audit of Insulators Local 64 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 President Thomas Payne on February 12, 2024, 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 64's 2022 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 64 did not maintain records to verify that the salary amounts reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was authorized and the proper amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

2. Lost Wages

Local 64 did not retain adequate documentation for lost wage reimbursement payments to President Thomas Payne, Former Business Manager John Hanson, and Trustee Teresa Payne totaling at least \$6,480.25. 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 64 did not have supporting documentation available to confirm that the individuals were assigned to work on a specific project or the hours per day the officers would have worked.

During the exit interview, I provided a compliance tip sheet, Union Lost Time Payments, that contained a sample of an expense voucher Local 64 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.

3. General Reimbursed Expenses

Local 64 did not retain adequate documentation for reimbursed expenses totaling at least \$8,287.59 to officers for office supplies, food for meetings, building repair materials, and per diem. For example, there were many times when purchase receipts did not annotate the buyer, and there was no supporting documentation for check [REDACTED] for \$1,500.00 paid to Paul Little for cash door prizes given out to members at the 100th anniversary and a donation to the Scholarship Golf Tournament.

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-3 report, are responsible for properly maintaining union records.

4. Contributions, Gifts, and Grants

Local 64 did not maintain purchase receipts and an inventory of stickers, Wal-Mart gift cards, t-shirts, bags, and other property it purchased, sold, gave away or the distribution of them, including cash, totaling at least \$5,894.59. In addition, in the case of items purchased and given away to members, the union must maintain purchase receipts for all purchases and retain records that include the name of the member, the date received, the amount or item, and should include the signature of the member.

Based on your assurance that Local 64 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 64 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Disbursements to Officers

The union failed to report reimbursements to officers totaling \$6,061.59 in Item 24, Column E (Allowances and Other Disbursements) on the LM-3. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local 64 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. Officers' Salary

Local 64 did not include some disbursements to officers totaling at least \$348.25 in the amounts reported Item 24, Column D (Gross Salary). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense). In addition, the union underreported the tax deductions in Item 24 by \$237.88.

3. Contributions, Gifts, and Grants

Local 64 did not report donations, stickers, Wal-Mart gift cards, t-shirts, bags, and other property it purchased, sold, or gave away totaling at least \$22,994.48 to the membership in Item 51 (Contributions, Gifts, and Grants). It appears the union erroneously reported gifts to members in Item 54 (Other Disbursements).

4. Disbursements

Local 64 failed to properly report disbursements in Item 47 (Per Capita), Item 48 (Office and Administrative Expenses), Item 49 (Professional Fees), and Item 50 (Benefits). The accurate amount for Item 47 (Per Capita) should have been \$16,542.66, Item 48 (Office and Administrative Expenses) should have been \$45,732.60, Item 49 (Professional Fees) should have been \$8,203.74, and Item 50 (Benefits) should have been \$115,508.57.

Local 64 must file an amended Form LM-3 for the fiscal year ended December 31, 2022, 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 March 17, 2024. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

The audit disclosed the following other violation(s):

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.

I want to extend my personal appreciation to Insulators Local 64 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Senior Investigator

cc: Mr. Thomas Payne, President
Mr. John Blaine, Vice President