



October 9, 2024

Mr. Michael Zachodni, Treasurer
UWU Local 475
PO Box 181
Sewickley, PA 15143

Case Number: 140-6029609
LM Number: 049-398

Dear Mr. Zachodni:

This office has recently completed an audit of Utility Workers Union (UWU) Local 475 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 yourself, President Keith Kutchman, Vice President Eric Grimm, and Secretary Dianna Cable Meehan on October 4, 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 475's 2023 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 475 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$2,868.91. For example, on May 23, 2023, the local issued check number [REDACTED] in the amount of \$2,387.84 to Vice President Eric Grimm for

expenses related to the international convention. However, no expense receipts were retained, nor was a disbursement voucher completed which detailed the nature of the expenditures.

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.

2. Meal Expenses

The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 475 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on October 25, 2023, the local issued check number [REDACTED] in the amount of \$550.00 to North Park Lounge for meals provided to attending members and officers at the general membership meeting held on that same date. However, although the local retained the original receipt, the union purpose was not annotated on the back or a disbursement voucher completed. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Disposition of Property

Local 475 did not maintain an inventory of Visa gift cards that it gave away to members. The local purchased 141 gift cards each valued at \$100.00 but did not document how many were given away by the end of the fiscal year. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

In the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Local 475 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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 475 for the fiscal year ended December 31, 2023, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away Visa gift cards totaling at least \$14,100.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 475 did not include some reimbursements to officers totaling at least \$6,097.65 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 50 (Benefits) and Item 51 (Contributions, Gifts, and Grants).

The union must report most direct disbursements to Local 475 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).

3. Per Capita Disbursements

Local 475 did not correctly report some per capita payments under Item 47 (Per Capita Tax). During the audit period, the union disbursed at least \$56,844.19 for international and state per capita but only reported \$52,752.00 on its 2023 Form LM-3 report. It appears the union erroneously reported some of these payments in Item 47 (Office and Administrative Expense) and Item 49 (Professional Fees).

4. 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. Local 475 amended its constitution and bylaws in 2010 but did not file a copy with its LM report for that year.

As agreed, Local 475 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than March 31, 2025.

I am not requiring that Local 475 file an amended LM report for 2023 to correct the deficient items, but Local 475 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to UWU Local 475 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. Keith Kutchman, President
Mr. Eric Grimm, Vice President
Ms. Dianna Cable Meehan, Secretary