

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF COLORADO

UNITED GOVERNMENT SECURITY	)	CASE NO:
OFFICERS OF AMERICA, INTERNATIONAL	)	
UNION	)	
8620 Wolff Ct., Suite 210	)	
Westminster, CO 80030	)	
	)	JUDGE:
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
	)	
RONALD SMITH	)	
c/o Donna Hammond	)	
Box 1007 Lot P-3	)	
Zapata, TX 78076	)	
	)	
	)	
Defendant.	)	

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COMPLAINT

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Now comes the Plaintiff, United Government Security Officers of America, International Union, (“UGSOA”) by and through its undersigned counsel, and for its allegations states as follows:

**JURISDICTION**

1. This is a civil action arising in equity and under the laws of the United States and is brought pursuant to the Labor Management Reporting and Disclosure Act, 29 U.S.C. §501 et seq. Jurisdiction is proper in this Court pursuant to 29 U.S.C. §501 and 28 U.S.C. §1337.

2. Venue is appropriate in this Court pursuant to 28 U.S.C. §1391(e).

**PARTIES**

3. Plaintiff, United Government Security Officers of America, International Union (hereinafter "UGSOA") is a labor organization representing contract federal security officers throughout the United States and its Territories. The UGSOA maintains its headquarters in Westminster, Colorado.

4. Defendant, Ronald Smith ("Smith"), is a former member of the UGSOA, is a former employee and officer of the UGSOA, and now resides, upon information and belief, in Zapata, Texas. Smith was employed by the UGSOA as a director of its DHS division.

**STATEMENT OF FACTS**

5. The UGSOA maintains a Constitution and By-laws which require that its officers and employees manage the funds and assets of the UGSOA and its local unions solely for the benefit of the International, its members and locals.

6. Smith's duties, among others while employed with the UGSOA, were to manage bank accounts and funds for UGSOA local unions placed in trusteeship by the UGSOA. On or about October 18, 2006 Smith's employment at the UGSOA was terminated, after which the UGSOA conducted an audit of Smith's records and activities regarding the trusteeships which he was overseeing while employed at the UGSOA.

7. The audit revealed that in the course of performing his duties for the UGSOA, Smith submitted a LM-2 report for fiscal year 2003 to the Department of Labor on March 30, 2004 with an ending balance of \$9,097.00 in a certain bank account ("Bank Account") that Smith managed.

8. The audit further revealed that the statement for the Bank Account for the beginning of 2004 stated a balance of \$8,491.00; a difference of \$606.00 from the LM-2 report filed by Smith; however, Smith did not submit any receipts or checks to substantiate the difference.

9. The audit further revealed that during fiscal year 2004, Smith wrote checks to himself amounting to \$2,900.00. Smith also wrote a check to Ron Mikell, President of UGSOA Local 038, for \$7,500.00, which was earmarked for a “lawyer” but Smith did not submit any invoices or receipts to substantiate payment to an attorney.

10. The audit further revealed that in 2005, there were increases in “cash withdrawals” from the Bank Account in the amount of \$6,075.00 and checks written to Smith in the amount of \$2,500.00.

11. The audit further revealed that the Bank Account was closed on August 21, 2006 and all cash on hand, \$2,487.00, was withdrawn.

13. The audit further revealed that from 2004 to 2006, there was a total of \$14,581.00 in withdrawals and payments from the Bank Account for which Smith did not provide any receipts or records of transactions or statements as to how the money was expensed.

14. On or about February 9, 2007 Smith was sent a letter by the UGSOA via certified mail requesting that he meet with officers of the UGSOA to review the audit documents. Mr. Smith signed for the letter, but did not respond to the same and has refused to date to return the funds in question.

**Count I  
(Breach of Fiduciary Obligation under 29 U.S.C. 501)**

15. Plaintiff realleges paragraphs 1 through 14 as if fully restated herein.

16. Defendant was a fiduciary within the meaning of the Labor Management Reporting and Disclosure Act (LMRDA), 29 U.S.C. 501.

17. As a fiduciary, Defendant was obligated to protect the assets of the UGSOA and its locals entrusted to him and ensure they were dissipated only for proper purposes.

18. As a fiduciary, Defendant was prohibited from using the property of the

UGSOA and its locals for purposes other than directly benefiting the membership of the International Union and its Locals.

19. By refusing to return to the UGSOA its property, including funds under his control, Defendant breached his fiduciary obligations under LMRDA §501, and is in violation of the same.

**Count II**  
**(Breach of Fiduciary Duty under State Law)**

20. Plaintiff realleges paragraphs 1 through 19 as if fully restated herein.

21. As an officer of the UGSOA Defendant held a unique degree of trust and confidence with respect to the business and property of Plaintiff and its local unions.

22. As an officer of the UGSOA Defendant had a duty to protect the assets of the UGSOA, and ensure they were dissipated only for proper purposes.

23. As an officer of the UGSOA Defendant was prohibited from using the property of the UGSOA and its locals for purposes other than directly benefiting the membership of the UGSOA and its local unions.

24. As a result of the facts as detailed in paragraphs 1 through 14 above, Defendant was a fiduciary for the UGSOA and its local unions.

25. By refusing to return to the UGSOA its property, including funds under his control, Defendant breached his fiduciary obligations to the Plaintiff.

**Count III**  
**(Conversion)**

26. Plaintiff realleges paragraphs 1 through 25 as if fully restated herein.

27. Defendant as an officer of the UGSOA was entrusted with the property and funds of the UGSOA and its local unions.

28. Notwithstanding Plaintiff's requests, Defendant has refused to return the property, including the funds, of the UGSOA and its local unions.

29. At no time did Plaintiff or its locals ever consent to Defendant retaining the property, including the funds, of the UGSOA.

30. Defendant has no legal basis for retaining Plaintiff's property in question.

31. By the above described conduct and actions, Defendant has converted for his own purposes the property of the UGSOA and its locals unions without Plaintiff's consent.

32. As a result of Defendant's conduct and actions, Plaintiff has suffered damages as it has lost funds and property to which it is rightfully entitled, and may be subjected to fines and penalties for failing to report certain information to regulatory agencies.

WHEREFORE, Plaintiffs pray that the Court issue the following Orders and relief:

- A. Award the Plaintiff reasonable attorney fees for prosecuting this action pursuant to 42 U.S.C. § 1988;
- B. Award the Plaintiffs their cost of suit;
- C. Award the Plaintiff compensatory damages in an amount to be determined at trial.
- D. Award of punitive damages;
- E. An accounting of all amounts owed by the Defendant to the Plaintiff; and
- F. Such other relief as the Court deems just and appropriate.

**A JURY TRIAL IS DEMANDED**

Respectfully submitted,

**JOHN A. TUCKER CO., LPA**

/s/ John A. Tucker

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