

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 29, 2008

Mr. Norman VanBebber, Business Manager
Asbestos Workers AFL-CIO
Local 27
400 South Main
Independence, MO 64050

LM File Number 045-335
Case Number: [REDACTED]

Dear Mr. VanBebber:

This office has recently completed an audit of Asbestos Workers Local 27 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, Treasurer Donald Freund, and Office Administrator Sheila Owens on May 22, 2008, 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 27's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 27 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Business Manager Norman VanBebber, Organizer Phil Lehr, Business Agent Duane House, and also the local's business account. For example, a Visa bill for Mr. VanBebber in the amount of \$3,065.92 did not have receipts to verify the charges made to the credit card were for legitimate union business. Although I was able to verify through meeting minutes and other resources that these charges were legitimate, the original receipts issued for these purchases must be maintained in the future.

As previously 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. Lack of Salary Authorization

Local 27 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore were 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. This also includes any allowances the officers receive including cell phones and paid car insurance.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 27's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or

imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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-2/LM-3) filed by Local 27 for fiscal year ending December 31, 2007, was deficient in that it did not report the local's building corporation under Item 10 of the LM-2 report.

I am not requiring that Local 27 file an amended LM report for 2007 to correct the deficient item, but Local 27 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violations

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.

Local 27's officers and employees are currently bonded for \$120,000, but they must be bonded for at least \$231,324. Local 27 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 July 1, 2008.

Mr. Norman VanBebber

May 29, 2008

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I want to extend my personal appreciation to Asbestos Workers Local 27 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: Donald Freund, Treasurer
Michael Bynum, President