

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Washington District Office
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Washington, DC 20002
(202) 513-7300 / FAX: (202) 513-7301



August 16, 2005

John Sabo, Treasurer
IASTE Local 19
1111 Park Avenue, Suite 102
Baltimore, MD 21201-5651

Dear Mr. Sabo:

This office has recently completed an audit of IASTE Local 19 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, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. During the audit period, the local failed to maintain bank statements on its savings account at 4
4 All bank records must be maintained.

As agreed, provided that Local 19 maintains adequate documentation in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(b) because the Labor Organization Annual Report (Form LM-3) filed by Local 19 for fiscal year ending March 31, 2004 failed to meet the standards of acceptability. The following deficient items were identified:

1. Signatures

The report was not signed by the authorized officers. Original signatures of the president and treasurer are required.

2. Sale of Stamps

The local misreported income received from the sale of stamps from the international union. The receipts for the sale of these stamps to members were reported in Statement B, Item 39 (Per Capita

Tax). These receipts should have been reported in Statement B, Item 43 (Other Receipts). The money transmitted to the international for the purchase of these stamps should have been reported in Statement B, Item 47 (Per Capita Tax).

3. Payroll Deductions

Withholding taxes and other payroll deductions were not properly recorded in Item 24, Line 10 and in Statement B, Item 54 (Other Disbursements).

4. Some payments to officers not properly reported

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in Item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

The union improperly reported expenses paid to officers in Statement B, Item 48 (Office and Administrative Expenses). These payments should have been reported in Schedule 24 (All Officers and Disbursements to Officers), Column E.

5. Bond

The amount of the union's bond was reported as \$250,000 in Item 20. A review of the local's bonding policy shows the actual amount of the bond to be \$350,000.

6. Election Date

The date of the union's next regular election of officers was incorrectly reported as January 2006 in Item 22.

It will be necessary for Local 19 to file an amended LM-3 report for the fiscal year ending March 31, 2004 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. You may also use the new electronic forms software available from OLMS to complete the amended report. The amended report should be submitted to this office at the above address as soon as possible, but no later than September 15, 2005. Before mailing, review the report thoroughly to be sure it is complete, accurate, and contains original signatures.

Other

The audit also revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 19's bonding policy has a deductible of \$2,500. Section 502 does not allow unions to have a deductible on their bonding policy. The union should obtain bonding coverage without a deductible for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successors at whatever time you may leave office.

I want to extend my personal appreciation for your and your entire organization's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Enclosures: As described above