



May 4, 2012

Mr. Thomas Campbell, Treasurer  
Boilermakers Lodge 1702



Case Number: [REDACTED]  
LM Number: 037837

Dear Mr. Campbell:

This office has recently completed an audit of Boilermakers Lodge 1702 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 Fawver on February 14, 2012, 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 Lodge 1702's 2011 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

Lodge 1702 did not retain adequate documentation for reimbursed expenses incurred by you, former President [REDACTED], President Fawver and Trustee Wayne Butterfield. For example, you wrote three checks to yourself for Fawver's convention travel expenses and

two members of Lodge 1702 for their participation in contract negotiations totaling \$2,550. Instead the union maintained a memorandum for the expenses paid to Fawver and the two members, in which they signed for the monies. However, there was no additional supporting documentation indicating that these expenses were approved by the union. In addition, Lodge 1702 did not have receipts or invoices for supplies, hall rental and food for meetings.

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

Lodge 1702 did not maintain itemized receipts incurred by President Fawver for meal expenses totaling at least \$300. 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.

3. Reimbursed Auto Expenses

You along with, former President [REDACTED], President Fawver and Trustee Butterfield, received reimbursement for business use of personal vehicles but did not retain adequate documentation to support payments. The amounts of the expenses were unknown because they were reimbursed with other expenses such as salary, lost time wages, and supplies, without the mileage being itemized. The union did not have supporting documentation of dates, location and number of miles driven. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Lost Wages

Lodge 1702 did not retain adequate documentation for lost wage reimbursement payments to you, former President [REDACTED] President Fawver and Trustee Butterfield. The total amount was unknown because the union combined lost wage payments with other expenses in one check, failing to itemize the items and amounts of the included payments. 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. During the exit interview, a copy of OLMS Fact Sheet – Lost Time was given to you for your guidance. The OLMS audit found that Lodge 1702 maintained a monthly lost time form that included the check number, payee, purpose of the expense and the amount.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1702'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-3 filed by Lodge 1702 for the fiscal year ended June 30, 2011 was deficient in the following areas:

1. Disbursements to Officers

Lodge 1702 did not include some reimbursements to officers totaling at least \$2,900 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) and in Item 24 (All Officers and Disbursements to Officers) to the wrong officer. For example, you wrote checks to yourself to reimburse two members for negotiations and for travel expenses for President Fawver. You erroneously recorded this amount in Item 48 when the payments must be reported next to your name in Item 24.

The union must report most direct disbursements to Lodge 1702 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. Overstated Receipts

It appears that the cash figures reported in Item 25 overstated receipts because you erroneously reported \$6,550 in Item 39 Per Capita Tax which was not received by the local. The instructions for Item 25 states that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Lodge 1702 must file an amended Form LM-3 for the fiscal year ended June 30, 2011, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 25, 2012. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Boilermakers Lodge 1702 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. Thomas Fawver, President