

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Dallas District Office  
525 Griffin Street  
Room 300  
Dallas, TX 75202  
(972)850-2500 Fax: (972)850-2501



September 23, 2008

Mr. Paul Little, Financial Secretary-Treasurer and Business Manager  
Asbestos Workers  
Local 64  
4428 E. Admiral Place  
Tulsa, OK 74115

LM File Number 047-868  
Case Number: [REDACTED]

Dear Mr. Little:

This office has recently completed an audit of Local 64 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 on July 17, 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.

The CAP disclosed the following violations:

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 64's 2007 records revealed the following recordkeeping violations:

1. Lack of Fixed Asset Inventory

Local 64 failed to maintain an inventory of their fixed assets. Records must be maintained that account for all union property. In the case of union furniture or equipment, a record should include the date of purchase and cost and value of each item.

2. Lack of Other Asset Inventory

Local 64 failed to maintain an inventory of their other assets. Records must be maintained that account for all union property. In the case of Bibles and union t-shirts, a record should be maintained stating if the union property was sold or given away, to whom, and when the transactions took place.

Based on your assurance that Local 64 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### 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 filed by Local 64 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Disbursements to Officers

Local 64 did not include some reimbursements to officers and payments to officers totaling at least \$958 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

## 2. Certificates of Deposit Reported As Investments

Local 64 improperly included the value of a certificate of deposit as an investment in Schedules 3 and 4. For LM reporting purposes, OLMS considers a certificate of deposit to be cash. Therefore, the amount of the CD should be included in Item 22 Cash of Statement A - Assets and Liabilities. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

Local 64 must file an amended Form LM-2 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but not later than October 17, 2008. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

### Other Violation

The audit disclosed the following other violation(s):

### 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 64's officers and employees are currently bonded for \$15,000, but they must be bonded for at least \$120,046. Local 64 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 October 17, 2008.

### Other Issue

#### Lack of Two Signature Requirement

During the audit, you advised that you alone sign Local 64's disbursement checks. Your union's constitution requires that all checks be signed by the president and financial secretary. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, you alone signing the checks or an officer signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 64 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 64 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: President John Hanson  
Vice-President Brian Delancy