



February 4, 2011

Mr. Scott Olson, Financial Secretary  
Electrical Workers (IBEW), AFL-CIO  
Local Union 612  
P.O. Box 1314  
Wheatland, WY 82201

Case Number: [REDACTED]  
LM Number: 512922

Dear Mr. Olson:

This office has recently completed an audit of Electrical Workers, Local 612 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, President William Allison, and Treasurer Jason Cowan on January 25, 2011, 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 612's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 612 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former union officers totaling at least \$3,293. For example, union VISA credit card statements show variously dated airline, hotel, and fuel charges for the audit period, but no expense receipts were found in records to support a union purpose for those charges, and the name and titles of officers who incurred the charges was missing from union records.

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. Receipt Dates not Recorded

Entries in Local 612's receipts (QuickBooks) journals reflect the date the union deposited money, but not the date that money was received. For example, the union recorded a receipt for dues on November 30, 2009, but no deposit was made during November 2009. The union received dues checks dated December 11, 2008 and January 8, 2009, but recorded both checks as receipts on December 31, 2008 and January 14, 2009 respectively. Dues checks dated December 10, 2009 and January 7, 2010 were recorded as receipts on January 12, 2010. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Information not Recorded in Meeting Minutes

Local 612 failed to provide meeting minutes for seven membership meetings and for 12 executive board meetings held during the audit period. The minutes provided were vague and did not include details of financial motions approved for proposed meetings and travel or financial reports read at the meetings.

During the audit, Mr. Olson advised OLMS that the membership approved an audit performed by the Local 612 audit committee during the audit period. The December 16, 2009 meeting minutes only note that an audit was completed with minor discrepancies but no audit report was found in union records. Article X, Sec. 3 of the Local 612 Bylaws requires the president to appoint an auditing committee of three

members, to audit the books and accounts of the local every three months, and to make a report of the audit to the membership. The bylaws also require the president to inspect the bank books of the treasurer to ensure that local funds have been properly and promptly deposited to the union's account. Minutes of all membership and executive board meetings must report any disbursement authorizations made at those meetings.

4. Reimbursed Auto Expenses

The former union treasurer [REDACTED], who received reimbursement for the business use of her personal vehicle (POV) did not retain adequate documentation to support payments to her totaling at least \$1,170 during 2009. For example, the union reimbursed all fuel charges made with the union VISA credit card in addition to paying [REDACTED] for POV mileage, but no fuel receipts or documents showing a union purpose for travel were found in union records. 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.

5. Meal Expenses

Local 612 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons who incurred the restaurant charges. For example, union credit card statements showing various restaurant charges were missing accompanying expense receipts, an explanation of union business conducted, and the names and titles of officers for those charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

6. Lost Wages

Local 612 did not retain adequate documentation for lost wage reimbursement payments to union officers in all instances. 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. The OLMS audit found that Local 612, retained forms claiming lost time, but officers did not identify on those forms, the union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 612 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 612 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 612'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 Violation

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 Local 612 for the fiscal year ended Month December 31, 2009, was deficient in the following area:

##### Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 612 amended its constitution and bylaws in July 1990, but did not file a copy with its LM report for that year.

A copy of the 1990 Bylaws of Local 612 was provided during the audit and is now on file.

I want to extend my personal appreciation to Electrical Workers, Local 612 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