



January 13, 2012

Mr. Christopher Albrecht  
President/Business Manager/Financial Secretary  
Electrical Workers IBEW Local 715  
633 S. Hawley Road, Suite 107  
Milwaukee, WI 53214

Case Number: [REDACTED]  
LM Number: 040218

Dear Mr. Albrecht:

This office has recently completed an audit of Electrical Workers IBEW Local 715 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 January 11, 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 Violation

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 IBEW Local 715's 2010 records revealed the following recordkeeping violation:

#### Meal Expenses

Local 715's records of meal expenses did not always include the names and titles of the persons incurring or receiving the benefit of restaurant charges charged to the union credit card assigned to you, for at least \$800 of the \$1,300 total meal expenses incurred during the year. In most instances, Local 715 maintained expense reports and supporting documentation (including itemized receipts)

identifying the date, amount, and business purpose of each expense and the names of the restaurants where the expenses were incurred. However, Local 715 failed to retain records identifying the full names and titles of all persons who incurred the restaurant charges. The union records only listed the initials of those who were present.

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. As a reminder, itemized receipts provided by restaurants to officers and employees must be retained. 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.

During the exit interview, I provided you with an OLMS Compliance Tip regarding union credit card policies, which further explains the recordkeeping requirements and recommendations for internal usage policies.

Based on your assurance that Local 715 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### 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 Local 715 for the fiscal year ended December 31, 2010, was deficient in the following areas:

##### 1. Disbursements for IRA Reimbursements

Local 715's check stubs show that during 2010 you received disbursements totaling at least \$600 for "monthly IRA reimbursements." General ledger and payroll report entries that identify the payments to you reflect totals that are \$600 less than the amounts reported as paid to you in Column D (Gross Salary) and Column E (Allowances and Other Disbursements) of Item 24 (All Officers and Disbursements to Officers). It appears the payments were erroneously reported in both categories.

The LM-3 instructions for Item 24 require that direct disbursements to an officer for salary be reported in Column D and those direct and indirect disbursements for allowances and other expenses be reported in Column E. It appears that the IRA reimbursements should be reported in only Column E.

##### 2. Credit Card Expenses

Local 715 did not include some disbursements to credit card companies for meal expenses charged by you, totaling \$1,100, in the amounts reported in Column E of Item 24. The total amount of your expenses reflected on your expense reports and in the general ledger that were

directly reimbursed to you was \$3,808; which is the total that was also reported in Column E of Item 24. Therefore, it appears your credit card expenses were improperly included in the amounts reported in Item 48 (Office and Administration) or Item 54 (Other Disbursements).

Most direct disbursements to Local 715 officers and some indirect disbursements made on behalf of its officers must be reported 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).

I am not requiring that Local 715 file an amended LM report for 2010 to correct the deficient items, but Local 715 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Violation

##### Failure to File LM-3 Report by the Due Date

The audit disclosed a violation of LMRDA Section 201(b), which requires the president and treasurer, or corresponding principal officers, of each labor organization to file an annual financial report accurately disclosing the union's financial condition and operations within 90 days after the end of the labor organization's fiscal year. Local 715's fiscal year ends on December 31<sup>st</sup>, and it must file its annual financial report by March 31<sup>st</sup> of each year (or March 30<sup>th</sup> during a leap year). However, the 2010 report was actually filed on June 6, 2011, 67 days after the due date. You agreed Local 715 will file timely reports with OLMS in the future. Please be aware that Section 209 and 2010 of the LMRDA provide for criminal and civil penalties for willful failure to file.

I want to extend my personal appreciation to IBEW Local 715 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. Gregory Haladej, Treasurer