

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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October 9,2008

Ms. Dian Palmer, President  
Service Employees Local 1199-W  
4513 Vernon Blvd, STE 300  
Madison, WI 53705

LM File Number: 512-476  
Case Number: [REDACTED]

Dear Ms. Palmer:

This office has recently completed an audit of Service Employees Local 1199-W 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 Treasurer Marcia Rayho, Bookkeeper Tim Barthel, CPA Michael Blanski, attorney Linda Harfst, and you. on September 12,2008, 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.

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 Local 1199-W's 2007 records revealed the following recordkeeping violation:

#### Reimbursed Expenses and Credit Card Expenses

Local 1199-W did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Secretary Pat Rego and you totaling at least \$1,685.30. For example, supporting documentation was not retained for a \$1,635 reimbursement to Ms. Rego for travel expenses relating to the conference in Cuba. 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 noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 1199-W will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### 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-2) filed by Local 1199-W for fiscal year ending December 31, 2007, was deficient in that:

#### Disbursements to Officers

Local 1199-W did not include some reimbursements to officers and employees totaling at least \$3,431 and your salary totaling at least \$85,751.22 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). The audit revealed that Local 1199-W reimburses the State of Wisconsin monthly for your salary and benefits, in accordance with Local 1199-W's collective bargaining agreement

with the State of Wisconsin. It appears that these payments were erroneously reported in Schedules 15-19.

Direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur must be reported in Column F of Schedules 11 and 12. However, 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 must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

Local 1199-W must file an amended Form LM-2 for fiscal year ending December 31, 2007, to correct the deficient item 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 24, 2008. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Service Employees Local 1199-W 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,



Senior Investigator

cc: Marcia Rayho, treasurer  
Michael Blanski, CPA  
Linda Harfst, attorney