

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
1222 Spruce Street  
Room 9 109E  
St. Louis, MO 63103  
(314)539-2667 Fax: (314)539-2626



July 25,2008

Mr. Allan Bathon, Financial Secretary  
Utility Workers AFL-CIO  
Local Union 335  
35 Saint Edward Lane  
Florissant, MO 63033

LM File Number 009-204  
Case Number: [REDACTED]

Dear Mr. Bathon:

This office has recently completed an audit of Utility Workers Local 335 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 21,2008, 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 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.

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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 335's 2007 records revealed the following recordkeeping violations:

**1. Failure to Record Receipts**

Local 335 did not record in its receipts records employer dues check-off statements for September and October of 2006 totaling \$30,553.53. 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.

**2. Failure to Maintain Back-Up Documentation**

Local 335 did not retain adequate back-up documentation for expenses totaling at least \$4,763.13. For example, no documentation could be found in support of check number [REDACTED] to Bill's U-Store for \$640.20, check number [REDACTED] to Commonwealth Insurance Agency for \$3,295.00, and check number [REDACTED] to Union People Products for \$827.93.

As previously 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.

Based on your assurance that Local 335 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-3 filed by Local 335 for fiscal year ending August 31,2007, was deficient in that Local 335 did not include some reimbursements to officers totaling at least \$3,000.00 in the amounts

reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 335 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).

I am not requiring that Local 335 file an amended LM report for 2007 to correct the deficient items, but Local 335 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Violations

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 335's officers and employees are currently bonded for \$55,000, but they must be bonded for at least \$57,696. Local 335 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 August 15, 2008.

I want to extend my personal appreciation to Utility Workers Local 335 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,

[REDACTED]  
Investigator