U.S. Department of Labor

Employment Standards Administration
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July 13, 2007

Ms. Dona Garthley, Treasurer
Pulp & Paper Workers Local 644
9506 Second Street Southeast, #1
Lake Stevens, WA 98258

LM File Number: 046-262
Case Number: [redacted]

Dear Ms. Garthley:

This office has recently completed an audit of Pulp & Paper Workers Local 644 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 June 22, 2007, 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 644's 2006 records revealed the following recordkeeping violation:

Reimbursed Expenses

Local 644 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least $873.84. A travel reimbursement in the amount of $873.84 was supported by a credit card statement showing the amount as paid by the officer to Travelocity. There was no receipt and no information as to the dates of travel, the destination, the union purpose, or who traveled.

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 644 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 644 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Cash Reconciliation

   It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. Local 644 included $25,000 in investments in its cash figures. This amount should be recorded in Item 28 (Investments).

2. Cash Receipts

   According to the union's books, the dues amount reported in Item 38 does not correspond with the dues amount received by the union. It appears that a $2,498.79 tax refund was included in the dues amount. This receipt should be reported in Item 43 (Other Receipts).

Local 644 must file an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 30, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violation

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 644's officers and employees are currently bonded for $50,000, but they must be bonded for at least $51,411.

Local 644 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 July 30, 2007.

I want to extend my personal appreciation to Pulp & Paper Workers Local 644 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

cc: Mr. Kevin Standerfer, President