



January 24, 2023

Mr. John McMillan, President  
Association of Aviation Training Professionals  
P.O. Box 1971  
Travis AFB, CA 94535

Case Number: 530-6025381( )  
LM Number: 000428

Dear Mr. McMillan:

This office has recently completed an audit of Association of Aviation Training Professionals (AATP) 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 10, 2023, 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.

#### 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 AATP for the fiscal year ended February 28, 2022, was deficient in the following areas:

#### 1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets and masks totaling more than \$5,000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

#### 2. Disbursements to Officers (LM-3)

AATP include disbursements to officers totaling \$500,000 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported payments from contract employers in Item 24. AATP also failed to report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All

Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to AATP 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).

### 3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to AATP'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.

### 4. Cash Receipts and Cash Disbursement

It appears that the cash figures reported in Item 38-43 (Cash Receipts) and in Items 45-54 (Cash Disbursements) are not the figures according to AATP's books after reconciliation to the bank statements. The instructions for Items 38-43 state that the union should report dues and interest should be reported on lines 38 and 41, respectively. The instructions for Items 45-54 state that the union should report office and administrative expenses on line 48, professional fees on line 49, Contributions, gifts, and grants on line 52, and Other disbursements on line 54. Also, the amount reported on line 45 (To Officers) was incorrect since only amounts paid by the union should be reported on the LM-3 report.

AATP must file an amended Form LM-3 for the fiscal year ended February 28, 2022, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-3 must be filed no later than February 10, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

### 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 AATP's 2022 records revealed the following recordkeeping violations:

1. AATP did not retain adequate documentation for lost wage reimbursement payments to union stewards who are defined as officers in the union's bylaws. Stewards received over \$1,000 in lost wages. 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 AATP did not retain any documentation to support the lost time payments.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher AATP 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.

2. General Expenses

AATP did not retain adequate documentation for expenses from the attorney and a vendor totaling at least \$3,111 and \$5,796.

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.

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

Other Violations

The audit disclosed the following other violation:

1. 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.

AATP officers and employees are not currently bonded, but they must be bonded for at least \$12,246. AATP 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 February 10, 2023.

I want to extend my personal appreciation to Association of Aviation Training Professionals 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