

**U.S. Department of Labor**

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May 17, 2010

Mr. Michael Allen, Business Manager  
Boilermakers AFL-CIO  
Local 263  
3775 Getwell Cove  
Memphis, TN 38118

LM File Number 011-195  
Case Number: [REDACTED]

Dear Mr. Allen:

This office has recently completed an audit of Boilermakers Local 263 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 Secretary Kandice Donaldson and you on April 23, 2010, 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.

The CAP disclosed

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 Local 263's 2009 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 263 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the union purchased food from Tom's BBQ totaling at least \$381, which contained the name of the attendees but not the purpose of the meeting. Union 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.

2. General Reimbursed and Credit Card Expenses

Local 263 did not retain adequate documentation for debit card expenses incurred by union officers totaling at least \$406. For example, there were receipts missing for debit charges paid to Crosby Group, Hagemeyerna and Identrus Digital.

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.

### 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 263 for fiscal year ending June 30, 2009 was deficient in that:

#### Disbursements to Officers and Employees

Local 263 did not include disbursements to employee totaling at least \$15,000 in Schedule 12 (Disbursements to Employees). It appears that the local erroneously failed to report salary payments of its employee in Schedules 12.

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

Local 263 filed an amended Form LM-2 for fiscal year ending June 30, 2009, to correct the deficient item listed discussed above on May 3, 2010.

I want to extend my personal appreciation to Boilermakers Local 263 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

Mr. Michael Allen  
January 25, 2006  
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cc: Philip Folts, President