

**U.S. Department of Labor**

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November 30, 2009

Ms. Kim Larson, Financial Secretary Treasurer  
Utility Workers, Local 127  
540 N. Warehouse Rd.  
Casper, WY 82601

LM File Number: 034-721  
Case Number: [REDACTED]

Dear Ms. Larson:

This office has recently completed an audit of Utility Workers Local 127 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 Kim Larson, Financial Secretary-Treasurer on November 20, 2009, 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-2) filed by Local 127 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers and Employees (LM-2)

Local 127 did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$10,000 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

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.

## 2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 127 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Local 127 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 127 file an amended LM report for 2008 to correct the deficient items, but Local 127 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violations

The audit disclosed the following other violations:

#### 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.

The audit revealed that Local 127's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

#### 2. Loans to Officers

The audit revealed a violation of LMRDA Section 503 (a) (Making of Loans), which prohibits a labor organization from making any direct or indirect loans to any officer or employee which results in a total indebtedness to the labor organization on the part of such officer or employee in excess of \$2,000.

The audit revealed that Local 127 allowed the president and vice-president to use the union's credit card for personal purchases and to treat these personal purchases as loans to be repaid periodically. In 2008 the total of these loans exceeded \$2,000 many times. During the audit Local 127 agreed to immediately stop the practice of using the union credit card for personal purchases and converting those purchases to loans. The vice-president repaid the outstanding balance of his loan, and a payment schedule was established for the president to repay the \$1,256 outstanding balance of his loan.

I want to extend my personal appreciation to Utility Workers Local 127 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,



Supervisory Investigator

cc: Mr. Harold Giberson, President