

**U.S. Department of Labor
Office of Labor-Management Standards**

San Francisco – Seattle District Office

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November 24, 2014

Case Number: 530-6002260 [REDACTED]
LM Number: 008378

Mr. Kevin Russell, Treasurer
Transportation Union LU 1043
901 Jones St.
Fernley, NV 89408

Dear Mr. Russell:

This office has recently completed an audit of Transportation Union LU 1043 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 S/T Kevin Russell on October 24, 2014, 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. 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 1043's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1043 did not retain adequate documentation for reimbursed expenses incurred by officers Kevin Russell, John Ludke, James Maddux, Brandon Petty, and William Campbell totaling at least \$2,100. For example, Ludke received \$108.76 in reimbursed expenses in

March 2013 which were not supported by any receipt. Campbell received over \$1,000 in reimbursed expenses in August 2013 which were not supported by any receipt.

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.

2. Meal Expenses

Local 1043 did not require officers and employees to submit itemized receipts for several meal expenses totaling over \$200. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1043 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, John Ludke was reimbursed for a meal for \$222.83 in October 2013 which did not include the business purpose, breakdown of the charges, or names of attendees. 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.

3. Lost Wages

Local 1043 did not retain adequate documentation for a lost wage reimbursement payment to James Maddux totaling at least \$260. 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 1043 did not retain any records to substantiate the lost wage payment.

Based on your assurance that Local 1043 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations. I want to extend my personal appreciation to Transportation Union LU 1043 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