

**U.S. Department of Labor**

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February 2, 2009

Mr. Tom Sweat, President  
Millwrights  
Local 1827  
501 N. Lamb Blvd.  
North Las Vegas, NV 89110

LM File Number: 070-436  
Case Number: [REDACTED]

Dear Mr. Sweat:

This office has recently completed an audit of Millwrights Local 1827 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, Jay Lake, and Myrna Hughes on January 15, 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.

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 1827's 2008 records revealed the following recordkeeping violations:

#### Disposition of Gifts

Local 1827 did not maintain a disposition record of the gift cards and other items purchased as door prizes for the apprentice dinner and union Christmas party. Along with the appropriate receipts, the union must maintain a record confirming the ultimate disposition of these items. These records must be maintained to verify, clarify, and explain the information that must be reported in Statements A and B of the LM-3.

Based on your assurance that Local 1827 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### 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 1827 for fiscal year ending June 30, 2008, was deficient in the following areas:

#### Disbursements to Officers

Local 1827 did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses). The union must report the total amount each officer receives for meals paid for by the union while conducting official union business, in column E of Item 24.

The union must report most direct disbursements to Local 1827 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).

I am not requiring that Local 1872 file an amended LM report for 2008 to correct the deficient items, but Local 1872 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Millwrights Local 1827 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

cc: Jay Lake, Financial Secretary