

**U.S. Department of Labor**

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January 15, 2009

Mr. D. Keith Huntley, Business Manager  
Plumbers AFL-CIO  
Local 760  
2807 Avalon Avenue  
Muscle Shoals, AL 35661

LM File Number: 023-479  
Case Number: [REDACTED]

Dear Mr. Huntley:

This office has recently completed an audit of Plumbers Local 760 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 Business Agent Greg Ezell, Office Manager Angela Richardson, and you on December 16, 2008, 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 760's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 760 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$1,119.89. For example, receipts for airline tickets purchased for union business were not retained and several lodging receipts were missing. Additionally, several receipts for the annual softball tournament expenses could not be located, including lodging expenses that totaled \$6,000.

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.

2. Meal Expenses

Local 760 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 purpose and name of attendees were not provided on the back of meal receipts totaling at least \$535.09. 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. Failure to Record Receipts

Local 760 did not record in its receipts records interest earned on certificates of deposit totaling at least \$8,000. For example, the union did not maintain an entry

in its software program for interest earned after maturity of certificates of deposits. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 760 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-2 filed by Local 760 for fiscal year ending December 31, 2007, was deficient in that:

1. Certificates of Deposit Reported As Investments

Local 760 improperly included the value of certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

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 760 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 760 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 760 file an amended LM report for 2007 to correct the deficient item, but Local 760 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Reimbursement of Dues

The audit revealed that Local 760 permits officers to pay membership dues on behalf of members to avoid delinquency. Officers are reimbursed the dues payment with union funds if the member fails to pay their membership dues back to the officer. OLMS does not recommend policies that allow officers to reimburse themselves with union funds for dues payments made on behalf of members. This is regarded as a personal loan to the member from the officer. Local 760 agreed to cease this practice.

I want to extend my personal appreciation to Plumbers Local 760 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: Timothy Mardis, President of Local 760