

U.S. Department of Labor

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March 12, 2009

Mr. Scott Keehan, President
GMP Local 301
2307 Clark Street
Manitowoc, WI 54220

LM File Number: 028-172
Case Number: [REDACTED]

Dear Mr. Keehan:

This office has recently completed an audit of GMP Local 301 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 Financial Secretary Jerome Vetting on February 26, 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 301's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Travel Expenses

Local 301 did not retain adequate documentation for travel expenses incurred by union officers at David's House of Travel on May 8, 2008, totaling \$3,674 for the purchase of airline tickets and shuttle service for a trip to Las Vegas. Only one invoice for \$382 has been maintained in union records.

In addition, Local 301 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$375. For example, you were reimbursed \$69.43 on February 21, 2008, for the purchase of food. A receipt from Piggly Wiggly has been maintained, however, a union purpose for the reimbursement has not been recorded.

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. Lack of Salary Authorization

Local 301 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Local 301's bylaws currently authorize salary in the amount of \$35 per month for the position of Financial Secretary; however, Financial Secretary Jerome Vetting is currently being compensated \$60 per month. Local 301 must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual with the authority to establish salaries.

During the exit interview, Mr. Vetting advised that the salary for the position of Financial Secretary had been increased a number of years ago, and that

authorization is somewhere in the meeting minutes, and that the local's bylaws have not been updated to show the change.

Based on your assurance that Local 301 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 LM-3 filed by Local 301 for fiscal year ending October 31, 2008, was deficient in the following areas:

1. Savings Bonds Reported as Cash

Local 301 improperly included the value of savings bonds as "Cash" in Item 25 of Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers savings bonds to be U.S. Treasury Securities. Therefore, the local should report all savings bonds in Item 27 (U.S. Treasury Securities) of the LM-3 Report.

2. Statement B (Receipts and Disbursements)

Local 301 misreported its total receipts and disbursements by at least \$813.62. Local 301's records show that on August 14, 2008, you, member Wayne Zimmer, and member Peter Adams each received expense reimbursements for attending the GMP International Convention. Local 301's records show it paid the airfare expenses for their wives by check to David's House of Travel, and then deducted those amounts from other expense claims that were submitted. These deducted amounts were not included in the amounts reported in Colum E of Item 24.

The purpose of Statement B (Receipts & Disbursements) is to report the flow of cash in and out of your organization during the reporting period. Since Statement B reports all cash flowing in and out of your organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting on the balance (net) as either a receipt or disbursement. The amount received from the above mentioned officers for spouse's travel expenses should have been reported in Item 43 (Other Receipts). The \$813.62 disbursed to officers should have been included in the amounts reported in Item 45 (To Officers).

3. Disbursements to Officers

Local 301 did not include some reimbursements to officers totaling at least \$586 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). For example, Financial Secretary Jerome Vetting received \$4,903 in gross salary and reimbursed expenses during the year, however, only \$4,428 has been reported in Item 24.

Most direct disbursements to Local 301 officers and some indirect disbursements made on behalf of its officers in must be reported 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 301 file an amended LM report for 2008 to correct the deficient items, but Local 301 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to GMP Local 301 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. Scott Keehan
March 2, 2009
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cc: Jerome Vetting, Financial Secretary