

**U.S. Department of Labor**

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March 26, 2009

Mr. Gregory Haynes, President  
Transportation Communications Union AFL-CIO  
Lodge 319  
4050 Sangstrom Road  
Hermantown, MN 55810

LM File Number: 017-983  
Case Number: [REDACTED]

Dear Mr. Haynes:

This office has recently completed an audit of TCU Lodge 319 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 Chairman/Financial Secretary-Treasurer/Recording Secretary Michael Ward on March 13, 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 Lodge 319's 2006 and 2007 records revealed the following recordkeeping violations:

1. General Expenses

Lodge 319 did not retain adequate documentation for several union expenses incurred during 2006 totaling at least \$930. The majority of the expenses lacking adequate documentation were expenses incurred at the Reef Bar and Pizza Hut in Duluth, which Chairman Michael Ward has identified as membership meeting expenses. For example, no receipt was found corresponding to the \$150.25 check numbered 4178 written to the Reef Bar on April 19, 2006. However, meeting minutes do note that a membership meeting was held on April 19, 2006.

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. Lack of Salary Authorization

Lodge 319 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) on the 2007 LM-3 was the authorized amount and therefore was correctly reported. The audit revealed that during the first quarter of 2007 Chairman Michael Ward received a salary of \$1,800 per quarter and Former Financial Secretary Tafline Welsh received a salary of \$825 per quarter. The salaries were then changed after the first quarter of 2007. Though the salaries paid after the first quarter of 2007 were recorded as authorized in the union's meeting minutes, no authorization of the first quarter 2007 salaries were recorded in any record. Lodge 319 must keep a record, such as meeting minutes, to show the salaries paid were authorized by the entity or individual with the authority to establish salaries.

Based on your assurance that Lodge 319 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 Reports (Form LM-3) filed by Lodge 319 for fiscal year ending December 31, 2007, was deficient in the following area:

#### Disbursements to Officers

Lodge 319 did not include some reimbursements to Financial Secretary-Treasurer Michael Ward totaling at least \$680 from in the amounts reported Item 24 (All Officers and Disbursements to Officers) of the 2007 LM report. Though Mr. Ward was reimbursed for ink, postage, and phone expenses from the local lodge funds, no disbursements were reported in Column E (Allowances and Other Disbursements) of Item 24. It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expense).

The union must report most direct disbursements to Lodge 319 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 Lodge 319 to file an amended LM report for 2007 to correct the deficient item, but Lodge 319 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to TCU Lodge 319 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: Michael Ward, Chairman