

U.S. Department of Labor

Office of Labor-Management Standards
Dallas District Office
525 Griffin Street
Room 300
Dallas, TX 75202
(972)850-2500 Fax: (972)850-2501



January 13, 2010

Mr. Ronald Shepard, Treasurer
Mail Handlers
Local 311
2849 W. Illinois Ave.
Dallas, Texas 75233

LM File Number 092-079
Case Number: [REDACTED]

Dear Mr. Shepard:

This office has recently completed an audit of Mail Handlers Local 311 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 and Damon Taylor on December 9, 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 311's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 311 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President Damon Taylor totaling at least \$727.01. Taylor charged \$727.01 at Landry's Seafood Restaurant in Orlando, Florida and did not submit adequate support documentation. In total, Local 311 incurred \$2,519.39 in questionable expenses involving hotel and restaurant charges by former President [REDACTED] and current President Damon Taylor.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local 311 did not retain adequate documentation for lost wage reimbursement payments. During the opening interview, Shepard and Taylor stated that past practice has allowed officers and members to obtain lost wages where wages weren't really lost. Any member could take annual or sick leave and be reimbursed by the union for time spent conducting union business. The union has never required any supporting documentation for lost time payments. 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.

Based on your assurance that Local 311 will retain adequate documentation, monitor hotel and restaurant expenses, and install a lost wage policy 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 311 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Certificates of Deposit Reported As Investments

Local 311 improperly included the value of a certificate of deposit as an investment 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. Other Receipts

Local 311 failed to include the receipts received from an IRS tax refund in the amount of \$46,000 dollars in Item 48 (Other Receipts). The local adjusted the receipts with the amount of tax disbursed in Item 65 (Direct Taxes).

Local 311 has file an amended Form LM-2 for fiscal year ending December 31, 2008, to correct the deficient items discussed above.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 311's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue

I want to extend my personal appreciation to Mail Handlers Local 311 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

cc: Damon Taylor, President
Larry Gibson, Vice-President