

U.S. Department of Labor

Office of Labor-Management Standards
Birmingham Resident Office
950 22nd Street North
Room 601
Birmingham, AL 35203
(205)731-0239 Fax: (205)731-0305



May 17, 2010

Mr. James "Don" Taylor, President
Electrical Workers IBEW AFL-CIO
Local 904
3285 Weoka Road
Wetumpka, AL 36092

LM File Number: 021-645
Case Number: [REDACTED]

Dear Mr. Taylor:

This office has recently completed an audit of Electrical Workers IBEW AFL-CIO, Local Union 904 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 Financial Secretary Greg Daniels on May 11, 2010, 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 904's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 904 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$2,399.00. For example, Check Number [REDACTED], dated 10-2-08, in the amount of \$25.00, payable to President Don Taylor for expenses did not have an invoice, bill, or receipt. A Delta Airlines trip in the amount of \$500.50 taken by Vice President Mike Walker to Seattle, WA, in August 2008 did not have a canceled ticket, invoice, or receipt.

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. Information not Recorded in Meeting Minutes

During the audit, Mr. Taylor advised OLMS that the membership authorized travel for himself and Vice President Mike Walker to attend the Utility and Government Conference in Seattle, WA, in August 2008 at the May 2008 membership meeting. Additionally, Financial Secretary Greg Daniels spent \$119.30 on office supplies on October 20, 2008, that was verbally approved at the October 2008 membership meeting. The minutes of the meetings do not contain any reference to those issues. Article VI of the Local By Laws requires that expenses for officers and members of the local shall be those that are reasonable and necessary in connection with their duties. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 904 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

The audit disclosed violations 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 904 for fiscal year ending June 30, 2009 (latest year on file), was deficient in the following areas:

1. Failure to File By Laws

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 904 amended its By Laws in 1990 but did not file a copy with its LM report for that year or any year since. Local 904 took immediate steps to correct the violation and has now filed a copy of its constitution and bylaws.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

3. Disbursements to Officers

Local 904 did not include some reimbursements to officers totaling at least \$2399.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48. The union must report most direct disbursements to Local 904 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).

4. Sufficient Details Required on LM-3 Report

The LM-3 for FYE 06-30-2009 filed by Local 904 revealed several deficient items. For example Line 14 was answered "yes", however all required information was not provided in Line 56 such as the name and address of the outside accountant. Lines 24, 26, 27, 28, 29, 30, 32, 33, 34, 35, 36, 40, 42, 43, 46, 49, 50, 51, 52, 53, and 54 were left blank. These lines must be completed with a number or "0".

Local 904 must file an amended Form LM-3 for fiscal year ending June 30, 2009 to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than June 11, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Local 904 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: Financial Secretary Greg Daniels