



April 30, 2010

Mr. Jeff Wise, President  
Security Police and Fire Professionals LU 48  
PO Box 225038  
Dallas, TX 75222

Case Number: [REDACTED]  
LM Number: 540557

Dear Mr. Wise:

This office has recently completed an audit of Security Police and Fire Professionals LU48 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 on April 30, 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 48's 2008 records revealed the following recordkeeping violations:

1. Lost Wages

Local 48 did not retain adequate documentation for lost wage reimbursement payments to Nick Psourprakos, Rodney Watson, and Jeff Wise totaling \$599.97. 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. The OLMS audit found that Local 48 did maintain a spreadsheet produced by the book keeper. The spreadsheet only listed the officers' names, amount of payment, and types of disbursements.

During the exit interview, I provided a sample of an expense voucher Local 48 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

## 2. Failure to Maintain Records

Local 48 did not maintain all union records of receipts and disbursements for 2008. Union records must include an adequate identification of all money the union receives and disburses. The receipt records should show the date and amount received, and the source of the money. The disbursement records should show the date, amount, purpose, and contain the supporting documents for all union funds disbursed.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 48's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

### Reporting Violation

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 within 90 days after the end of the labor organization's fiscal year. The Labor Organization Annual Report (LM-3) is delinquent in that no report has been filed for Local 48's fiscal years ending December 31, 2008 and December 31, 2009. The LM-3 reports for Local 48 was due March 30, 2009 and March 30, 2010, respectively.

Local 48 must file a Form LM-3 for fiscal years ending December 31, 2008 and December 31, 2009. 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](http://www.olms.dol.gov)). The Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 25, 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 Security Police and Fire Professionals LU 48 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: Dennis Eck, International Secretary Treasurer