



August 5, 2016

Mr. Theodore Pax, President
BLET Division 241
3530 W. Folsom Street
Eau Claire, WI 54703

Case Number: 320-6006231(77)
LM Number: 007825

Dear Mr. Pax:

This office has recently completed an audit of BLET Division 241 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 Treasurer Scott Larson on August 2, 2016, 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 Division 241's 2012, 2013, and 2014 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Division 241 did not retain adequate documentation for disbursements to vendors and payments to union officers totaling at least \$2,295.54. For example, check number [REDACTED]

was issued to member Troy Sperry on October 24, 2012 in the amount of \$204. In support of this expense, Division 241 retained a copy of the cancelled check; however, the union failed to identify the purpose of this disbursement in the union's records. As another example, on July 19, 2014 check number [REDACTED] was issued to Office Max in the amount of \$138.49 for the purchase of office supplies; however, Division 241 retained no supporting documentation for this disbursement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements as well as additional documentation as necessary to show the nature of the union business that required the disbursement. 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. Reimbursed Auto Expenses

Former Treasurer [REDACTED], who received reimbursement for the business use of his personal vehicle, did not retain adequate documentation to support a payment to him totaling \$593.85. A voucher was maintained that identified the number of miles driven and the rate of reimbursement; however, the voucher was not sufficient because it failed to identify the dates of travel and the locations traveled to and from. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Division 241 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 (Form LM-4) filed by Division 241 for the fiscal years ended December 31, 2012 and December 31, 2013, were deficient in the following areas:

1. Total Value of Assets

Division 241 did not include all assets when reporting the total value of the union's assets at the end of the reporting period in Item 14 (Assets) of the LM-4 Report for 2012. In 2012 the union had assets at the end of its fiscal year totaling \$4,959; however, only \$500 was reported. The union must report the total value of all the labor organization's assets at the end of the reporting period in Item 14. This includes, for example, cash on hand and in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization.

2. Liabilities

Division 241 erroneously reported liabilities of \$1,470 in Item 15 (Liabilities) on its 2013 LM-4 Report. The audit revealed that the union did not have any outstanding liabilities as of December 31, 2013. The total amount of all the labor organization's liabilities at the end of the reporting period including, for example, unpaid bills, loans owed, total amount of mortgages owed, and other debts of your organization must be reported in Item 15.

3. Receipts

Division 241 did not include all receipts when it reported total receipts in Item 16 (Receipts) of the LM-4 Reports for 2012 and 2013. In 2012, Division 241 received receipts totaling \$2,037; however, only \$1,440 was reported. In 2013, receipts totaling \$2,279 were received by the union, but only \$2,070 was reported. The total amount of all receipts received by the union during the reporting period must be reported in Item 16. This amount should include, for example, dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the union. The union should also include payments in lieu of dues received from any non-member employees as a condition of employment under a union security provision in a collective bargaining agreement.

4. Disbursements

Division 241 did not include all disbursements when it reported total disbursements in Item 17 (Disbursements) of the LM-4 Reports for 2012 and 2013. In 2012, Division 241 had disbursements totaling \$2,669, but reported \$0 in Item 17. In 2013, Division 241 had disbursements of \$1,499, but reported only \$500 in Item 17. The union must report the total amount of all disbursements it made during the reporting period in Item 17. The amount should include, for example, net payments to officers and employees, per capita tax and any other fees or assessments which the union paid to any other labor organization, payments for administrative expenses, loans made by the union, and taxes paid.

5. Payments to Officers

Division 241 failed to report payments to officers in Item 18 of its 2012 LM-4 Report. Former [REDACTED] received payments totaling \$1,349 in 2012; however, the union reported \$0 in Item 18 (Payments to Officers and Employees).

Division 241 must report the total amount of all payments to officers and employees made during the reporting period in Item 18. The amount should include, for example, gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official union business of the labor organization as well as disbursements which were essentially for the personal benefit of the officer.

I am not requiring that Division 241 file amended LM reports for 2012 and 2013 to correct the deficient items, but Division 241 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Union Laptop Computer not Returned by a Former Officer

As I discussed during the exit interview with Mr. Larson, the audit revealed that Division 241 failed to retrieve union property from former [REDACTED]. [REDACTED] who left office in 2014, is still in possession of a laptop computer that was purchased with union funds in September 2014 for \$462.09. [REDACTED] indicated that he no longer conducts union business on the laptop, but is currently using it for personal use. [REDACTED] also indicated that he did not return the laptop to Division 241 because he was not asked to return the laptop, but he would be willing to return the laptop to Division 241 if the union asked for it. Mr. Larson advised that he would contact [REDACTED] and arrange a time to obtain the laptop computer. Mr. Larson stated he would notify OLMS once he has obtained the computer. OLMS recommends that Division 241 take appropriate steps to obtain the laptop computer from [REDACTED]. Additionally, it is recommended that Division 241 maintain an inventory of its assets to ensure that all union assets are properly accounted for in the future, and that the union promptly obtains any union property in an officer's possession when they leave office.

I want to extend my personal appreciation to BLET Division 241 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: Mr. Scott Larson, Treasurer