

U.S. Department of Labor

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December 17, 2007

Mr. Clinton Burge, Business Manager/Financial Secretary
IBEW AFL-CIO
Local 265
6200 South 14th Street
Lincoln, Nebraska 68512

LM File Number 039-624

Case Number: [REDACTED]

Dear Mr. Burge:

This office has recently completed an audit of IBEW Local 265 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 November 30, 2007, 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.

Reporting Violations

The CAP 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 265 for fiscal year ending December 31, 2006 was deficient in the following ways:

1. Disbursements to Officers and Employees

Local 265 did not include some reimbursements to officers in Schedule 11 (All Officers and Disbursements to Officers). The local under-reported expense reimbursement checks for official business issued to the Business Manager and the Business Representative in Column (F) in Schedule 11. The LM-2 report reflected \$500 in Column (F) for the Business Manager and \$500 in Column (F)

for the Business Representative. The audit revealed \$1,308 in expense checks issued to the Business Manager and \$574 in expense checks issued to the Business Representative. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedule 11 (Disbursements for Official Business) direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedule 11 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedule 11 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Automobile Expenses

The local incorrectly reported automobile operating expenses in Schedule 11 in Column (G). Disbursements that are essentially for the personal benefit of the officer and not necessary for conducting official business of the labor organization must be reported in Column (G). You reported that the automobiles are rarely used for personal benefit.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedule 11 direct and indirect disbursements for the operation and maintenance of union-owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 with an explanation in Item 69 (Additional Information) that the officer or employee

used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

I am not requiring that Local 265 file an amended LM report for 2006 to correct the deficient items, because the local agreed to correct these deficiencies on all future reports it files with OLMS.

I want to extend my personal appreciation to IBEW Local 265 for the cooperation and courtesy extended during this compliance audit. I 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: Donald F. Davids, President

