

U.S. Department of Labor

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Office of Labor-Management Standards
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November 20, 2007

Mr. Melvin Fishburn, Business Manager
Electrical Workers (IBEW), AFL-CIO
Local 743
20 Morgan Drive
Reading, PA 19608

LM File Number 047-915

Case Number: [REDACTED]

Dear Mr. Fishburn:

This office has recently completed an audit of 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 16, 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.

Recordkeeping Violation

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 743's 2005 records revealed the following recordkeeping violations:

Meal Expenses

Local 743 did not consistently require officers to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to the officers. These itemized receipts are necessary to determine if such disbursements are for union purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 743's records of meal expenses did not include written explanations of union business conducted nor did they always include the names and titles of the persons incurring the restaurant charges. For example, the receipt maintained for a charge of \$70.00 on September 13, 2005 to [REDACTED] does not identify the union business conducted that required the expense to be incurred or the titles of the persons in attendance. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers incurred meal expense.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 743'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 also 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, not just the individuals who are responsible for filing the union's LM report.

As agreed, provided that Local 743 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

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. The Labor Organization Annual Report (Form LM-2) filed by Local 743 for fiscal year ending December 31, 2005, was deficient in the following areas:

Failure to File Bylaws

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 743 amended its constitution and bylaws in 1991, but did not file a copy with its LM report for that year. No further action will be taken as an updated copy has been received.

Other Violation

The audit disclosed the following other violation:

1. Inadequate Bonding

Local 734's officers and employees are currently bonded for \$60,000, underbonded by approximately \$20,000. Local 734 should obtain adequate bonding coverage for its officers and employees immediately. No further action will be taken as proof of adequate bonding coverage was provided at the exit interview.

I want to extend my personal appreciation 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: David Paskowski, Financial Secretary