

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



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May 1, 2020

Mr. Michael Nelson, President
Association of Flight Attendants,
MEC Compass Airlines
501 3rd Street NW
Washington, DC 20001

Case Number: 450-6015682 [REDACTED]
LM Number: 544197

Dear Mr. Nelson:

This office has recently completed an audit of Association of Flight Attendants (AFA), Master Executive Council (MEC) Compass Airlines 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 AFA Secretary-Treasurer Kevin Creighan and Director of Finance and Personnel Betsy Tettelbach on April 21, 2020, 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 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 AFA MEC Compass Airlines' 2018 records revealed the following recordkeeping violations:

Meal Expenses

The MEC did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$278.03. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

The MEC's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on February 21, 2018, President Michael Nelson charged \$113.77 at the St. Louis Airport Marriott and an itemized receipt was not provided and the names of the officers and employees that attended were not listed on the receipt. Union records of meals 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 or employees incurred meal expenses.

Based on the assurances by AFA Secretary-Treasurer Creighan and Director of Finance and Personnel Tettelbach that the MEC 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 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-3 filed by the MEC for the fiscal year ended April 30, 2018 was deficient in that:

The union must report most direct disbursements to the MEC 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, good, services, or other things of value. See 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 Administration Expense).

I am not requiring that the AFA file an amended LM report for 2018 to correct the deficient items, but the AFA has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Association of Flight Attendants, MEC Compass Airlines 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,

[REDACTED]

[REDACTED]

Investigator

cc: Mr. Kevin Creighan, AFA Secretary-Treasurer