

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
1111 Third Avenue
Room 605
Seattle, WA 98101-3212
(206)398-8099 Fax: (206)398-8090



June 28, 2006

Mr. James Wallace, Treasurer
Pulp and Paper Workers AFL-CIO
Local 309
3411 Hollywood Avenue
Bellingham, Washington, 98225

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Wallace:

This office has recently completed an audit of Pulp and Paper Workers Local 309 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 James Wallace on June 28, 2006, 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.

The CAP disclosed that there were violations of Title II of the LMRDA which establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

1. Union officers failed to maintain complete lost wage claims. Vouchers should record the deductions withheld from lost wage claims and, subsequently, the total paid to officers for those claims. Vouchers should also contain the complete dates of the lost time and should be signed by the officer making the claim. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages. The total amount paid to each officer should be on the voucher for verification against the check written for that lost time claim.
2. Local 309 failed to maintain an inventory of tee-shirts which were purchased and given away. Records must be maintained that account for all union property. In the case of union shirts, records should reflect inventory on hand, number of items given away, dates given away, and the recipients of the shirts.
3. Local 309 failed to keep all the original bills to verify reimbursed expenses. If an officer is reimbursed for home cable expenses, the original receipt must be maintained by the union.
4. Local 309 failed to maintain all original bank statements.
5. Local 309 failed to obtain proper approval for expenses. Approvals should be precise and unequivocal. They should include exactly what is being approved, the amount approved, and in the case of trips, who is being approved to attend.
6. Local 309 failed to maintain a complete receipts/disbursements journal. At least one record should contain an adequate explanation of every receipt and disbursement. All checks should be entered into the check register/journal. Each check number should be linked to only one transaction and dates on checks should always correspond with dates in check register/journal.

As agreed, provided that Local 309 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

The CAP also 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 Local 309 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Item 13 (acquire or dispose of any assets in any manner other than by purchase or sale) should have been answered, "Yes," because the union gave away tee shirts

during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. In addition, for assets that were traded in, the cost, book value, and trade-in allowance must be reported.

2. Item 24 (All Officers and Disbursements to Officers) does not identify the deductions taken from officers' salaries and allowances. As a result, item 45 is also incorrect.
3. Items 25 (A) and 25 (B) are incorrect. The LM report should be completed on a cash basis.
4. Item 51 (Contributions, Gifts & Grants) is incorrect. Item 51 should consist of all gifts to members including flowers, trophies, and plaques.
5. Item 55 (Total Disbursements) is incorrect.

Local 309 must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above. We discussed with you the availability of the reporting forms and instructions on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 14, 2006. 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 Pulp and Paper Workers Local 309 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter is passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Michael Johnson, President