

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 2, 2008

Mr. Gary Hahn, Secretary Treasurer
Transportation Union IND
Local 498
1229 Bushkill Center Rd.
Nazareth, PA, 18064

LM File Number 016-070

Case Number: [REDACTED]

Dear Mr. Hahn:

This office has recently completed an audit of Transportation Union LU 498 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 June 26, 2008, 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 Transportation Union Local 498's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 498 did not retain adequate documentation for reimbursed expenses incurred by union officers Charles Wehr and Benjamin Dorward totaling at least \$1,992.00. For example, Wehr received \$1,752.73 in expense payments during the audit year. Union records did not contain invoices or receipts for any of the expense payments to Wehr. During the audit the union obtained telephone bills and hearing notices that verified the purpose and amount of the expense disbursements to Wehr.

2. Lack of Salary Authorization

Local 498 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

In 2007 union officers Gary Hahn, Charles Wehr and Benjamin Dorward received gross salary payments totaling \$12,000.00. Union records did not contain any records authorizing officers to receive salaries or verifying the amount of officer's salaries. During the audit Local 498 amended its bylaws to include authorization for officers to receive a salary. The bylaws also detail allowed salary amounts for all union officers. Local 498 provided OLMS with a copy of the amended bylaws.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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.

Based on your assurance that Transportation Union Local 498 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-3 filed by Transportation Union Local 498 for fiscal year ending December 31, 2007, was deficient in the following area:

1. Disbursements to Officers

Transportation Local 498 did not include some reimbursements to officers totaling at least \$2,296.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

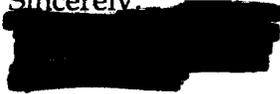
The union must report most direct disbursements to Local 498 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions 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 Administrative Expense).

During the audit Local 498 filed an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. The amended LM-3 correctly details all disbursements to officers.

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I want to extend my personal appreciation to Transportation Union LU 498 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,

A large black rectangular redaction box covers the signature of the investigator.

Investigator

cc: Daniel Bednar, President