

U.S. Department of Labor

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May 8,2008

Ms. Karen Spudich, President
Bartenders Local 165
4825 W. Nevso Drive
Las Vegas, NV 89103

LM File Number: 002-892
Case Number: [REDACTED]

Dear Ms. Spudich:

This office has recently completed an audit of Bartenders Local 165 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 and Secretary-Treasurer Terry Greenwald on April 28,2008, 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 Local 165's 2006 records revealed the following recordkeeping violations:

1. Credit Card Expenses and General Disbursements

Local 165 did not retain adequate documentation for credit card expenses incurred by union officers and employees and general disbursements totaling at least \$3,301.22. For example, the union did not have receipts on file for the three charges made in February 2006 to purchase the Dell Workgroup Laser Printer and accessories. Further, the union did not have documentation on file for the double per capita payment made to the AFL-CIO in December 2006.

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.

2. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$6,736.83 during 2006. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 165 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 Reports Form LM-2 filed by Local 165 for fiscal years ending December 31, 2006, and December 31, 2007, were deficient in the following areas:

1. Officer Names

Local 165 did not report the names of some officers in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union.

2. Disbursements to Officers and Employees

Local 165 did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$1,631.75 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19. Further, salary reported to the IRS on Forms W-2 or 1099 should be reported in Column D, not Column E, of Schedule 11 and Schedule 12.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 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 Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

Local 165 must file an amended Form LM-2 for fiscal years ending December 31, 2006, and December 31, 2007, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Forms LM-2 must be electronically filed as soon as possible, but not later than May 30, 2008. Before filing, review the reports thoroughly to be sure they are complete and accurate, and properly signed with electronic signatures.

Other Issues

Signing Blank Checks

During the audit, you advised that Secretary-Treasurer Terry Greenwald signs blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 165 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Bartenders Local 165 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 covering the signature of the investigator.

Investigator

cc: Mr. Terry Greenwald, Secretary Treasurer