

**U.S. Department of Labor**

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February 15, 2008

Mr. Terence Garnett, Secretary-Treasurer  
Boilermakers AFL-CIO  
Lodge S-50  
1301 N. Linwood Avenue  
Baltimore, MD 21213

LM File Number 012-053  
Case Number: [REDACTED]

Dear Mr. Garnett:

This office has recently completed an audit of Boilermakers Lodge S-50 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 Alex Poling and you on February 14, 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 Lodge S-50's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Lodge S-50 did not always retain adequate documentation for reimbursed expenses incurred by union officers. For example, the union did not maintain receipts or other supporting documentation for Orioles tickets that were purchased by Lodge S-50 President Alex Poling on behalf of the union.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements and if this documentation is not sufficiently descriptive, union officers should write a note on the receipt or voucher providing additional information. 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. Meal Expenses

While Lodge S-50 did require officers to submit itemized receipts for meal expenses, the union's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons present at the restaurant. For example, Lodge S-50 maintained receipts for several meals at Costas Inn, but often did not maintain any record to indicate the union business purpose of the meal or who was 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 or employees incurred meal expenses.

3. Reimbursed Fuel Expenses

As Lodge S-50 Secretary-Treasurer, you received reimbursement for fuel expenses you incurred while using your personal vehicle for union business. While the union did maintain receipts for these purchases, it must also maintain records which identify the

dates of travel, locations traveled to and from, the number of miles driven, and the union business purpose for the use of the vehicle.

4. Lost Wages

Lodge S-50 did not retain adequate documentation for lost wage reimbursement payments to union officers in several instances. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that while Lodge S-50 did retain vouchers for lost wage claims, in several instances these vouchers were lacking the dates or number of hours that lost time was incurred. Furthermore, all of the vouchers lacked a sufficient description of the union business purpose of the meeting. Most of the vouchers simply indicated that they were payments for a "committee meeting." This is not sufficiently descriptive to identify the nature of the union business requiring the disbursement.

5. Disposition of Property

Lodge S-50 did not maintain sufficient records related to the sale or donation of the Orioles tickets it purchased during the audit period. The union must record in at least one record the number of tickets sold or given away, who received them, and how much was paid for them.

6. Other Disbursements

Lodge S-50 did not retain adequate documentation for some disbursements made on behalf of the union. For example, the union did not maintain receipts or invoices for the purchase of the quarterly publication the "Steward Update" or for a penalty incurred by the IRS for failure to file an annual report. As previously noted, labor organizations must retain original receipts, bills, and vouchers for all disbursements.

7. Failure to Record Receipts

Lodge S-50 did not record in its receipts records the source of some of its deposits. For example, the union deposited \$200 in cash in addition to its monthly dues check from the employer in March 2007. There was no documentation in the union's records regarding the source of this \$200. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

8. Meeting Minutes not Maintained

Lodge S-50 did not retain copies of minutes recorded at monthly membership meetings and executive board meetings. During our opening interview, President Poling and you advised that all meeting minutes were kept on the union's laptop, which you said crashed sometime in early 2007. Lodge S-50 did not maintain hard copies of these minutes. In the future, if meeting minutes are typed on a computer, the union should either back-up these files or print them out and maintain hard copies of them.

Based on your assurance that Lodge S-50 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 Lodge S-50 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Disbursements to Officers

Lodge S-50 did not include some reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expense).

The union must report most direct disbursements to Lodge S-50 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).

The following errors were noted on the Form LM-3:

- Officer salaries were incorrectly reported as allowances under Item 24, Column E (Allowances and Other Disbursements). Instead, the reported figures should be entered as salary under Item 24, Column D (Gross Salary).
- Other disbursements for Lodge S-50 officers were incorrectly reported as salary under Item 24, Column D (Gross Salary). It also appears that the union erroneously reported some other disbursements to officers in Item 48 (Office & Administrative Expense). All payments to officers for per diem, or reimbursements for food, gas, hotel and airfare expenses, and office supplies must be reported in Item 24, Column E (Allowances and Other Disbursements).
- Lodge S-50's LM report lists Maxine Landers and Efrem Bell as officers in Item 24 (All Officers and Disbursements to Officers). However, the LM report does not list these officers as having received any money during the audit period. The OLMS audit revealed that both officers received quarterly dues reimbursements from the union. The total amount of all dues reimbursements received by these officers should be reported in Item 24, Column E (Allowances and Other Disbursements).
- During the opening interview, you advised that you incorrectly reported per capita tax paid to the International in Item 48 (Office & Administrative Expense). Any per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, conference, joint or system board, joint council, federation, or other labor organization should be reported in Item 47 (Per Capita Tax).

## 2. 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. Lodge S-50 amended its constitution and bylaws in 1995, but did not file a copy with its LM report for that year. Lodge S-50 has now filed a copy of its current constitution and bylaws. However, during our opening interview, President Poling and you advised that the union was in the process of updating its current bylaws. When these bylaws have been approved by the International and ratified by the membership, Lodge S-50 should submit two copies of the updated bylaws with its LM-3 report for that fiscal year.

Lodge S-50 must file an amended Form LM-3 for fiscal year ending June 30, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://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 March 7, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

#### Other Issues

##### 1. Lost-Time

During the audit period, union officers submitted lost-time vouchers with minor discrepancies between the number of hours claimed and the number of hours actually lost per the employer's attendance records. After speaking with President Poling and you, it appears that these discrepancies were due to payment of overtime hours that these officers were scheduled to work on the day that lost-time was incurred. I strongly recommend that Lodge S-50 adopt some method to verify lost-time claims against employer attendance records and that it address the issue of lost-time paid for scheduled overtime in its bylaws, meeting minutes, or some other union record.

I want to extend my personal appreciation to Boilermakers Lodge S-50 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,



Investigator

cc: Alex Poling, President