

U.S. Department of Labor

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February 27, 2008

Mr. Rick Johnson, Business Manager
Asbestos Workers AFL-CIO
Local 135
4400 E Alexander Road
Las Vegas, NV 89115

LM File Number 060-542
Case Number: 530-10044(77)

Dear Mr. Johnson:

This office has recently completed an audit of Asbestos Workers Local 135 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 February 5, 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.

The CAP disclosed the following:

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 135's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 135 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$4,126.00. For example, there were no receipts on file for the money paid to reimburse [REDACTED] for a Christmas party held in December 2005.

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. Other Disbursements

Local 135 did not retain adequate documentation for disbursements totaling at least \$5,065.00 to the Tropicana Hotel and Casino for a Christmas party held in December 2005.

Based on your assurance that Local 135 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-2 filed by Local 135 for fiscal year ending September 30, 2006, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 135 improperly reported some reimbursements to officers and employees totaling at least \$4,165.00 in Column E (Allowances) rather than Column F (Disbursements for Official Business) of Schedule 11 (All Officers and Disbursements to Officers).

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.

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. Local 135 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 135 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 135 file an amended LM report for 2006 to correct the deficient items, but Local 135 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 135's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Asbestos Workers Local 135 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: Jon Yunker