

U.S. Department of Labor

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Office of Labor-Management Standards
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September 19, 2008

Mr. Michael C. Arnold, Esquire
National Football League Referees' Association
1125 Grand Boulevard, Suite 1600
Kansas City, MO 64106

LM File Number: 540-186

Case Number: [REDACTED]

Dear Mr. Arnold:

This office has recently completed an audit of the National Football League Referees' Association (NFLRA) 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 Treasurer Mark Baltz on September 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.

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 NFLRA's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

The NFLRA did not retain adequate documentation for reimbursed expenses incurred by Treasurer Mark Baltz and Executive Director Tim Millis totaling at least \$10,468.88. For example, Mr. Baltz did not retain any supporting documentation regarding the expense reimbursement paid with check [REDACTED] on January 30, 2007; and Mr. Millis retained only some of the supporting documentation for the reimbursement paid with check [REDACTED] on June 2, 2007.

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. Meal Expenses

In addition, the NFLRA did not consistently require officers and employees to submit itemized receipts for meal expenses totaling at least \$7,780.10. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

NFLRA records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, there was no union purpose stated on several receipts and on several others those in attendance were not identified on the receipt. 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.

Based on your assurance that NFLRA will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding) in that the NFLRA's Commercial Crime Policy does not sufficiently protect against potential loss of union funds. In particular, the Crime General Provisions Form Part A.1 (General Exclusions) excludes "Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons."

The audit revealed that NFLRA's officers and employees were not properly bonded 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 NFLRA 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: Mark Baltz, Treasurer
Tim Millis, Executive Director