

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 20,2008

Mr. Dean Bushey, President
Operating Engineers AFL-CIO
Local 280
1305 Knight Street
Post Office Box 807
Richland, Washington 99352-0807

Re: Case Number: [REDACTED]

Dear Mr. Bushey:

This office has recently completed an audit of Operating Engineers Local 280 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 Debbie Hendrick on June 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 11 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 280's 2007 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 280 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,640.98 for the 3 months sampled. 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.

Local 280 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, at least 60 meal receipts for a 3 month period did not include the union business conducted or the names and titles of those who incurred the expenses. 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.

2. Reimbursed Auto Expenses

Union officers and employees who received mileage reimbursements for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$2,921.12 for a 3 month period during 2007. 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 280 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 280 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Officers

Local 280 did not report the names of some officers and the total amounts of payments to them or on their behalf in Schedule 11 (All Officers and Disbursements to Officers). An "officer" is defined in section 3(n) of the LMRDA as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body." 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. Sale/Purchase of Investments

Local 280 failed to report reinvestment amounts in line 14 of Schedules 3 (Sale of Investments and Fixed Assets) and 4 (Purchase of Investments and Fixed Assets). The union should enter on Line 14 the total amount from the sale or redemption of investments that was promptly reinvested (i.e., "rolled over") in U.S. Treasury securities, marketable securities, or other investments during the reporting period. The total amount reinvested should be calculated by adding, for each investment, the lower of each investment's original cost or the amount received from the sale or redemption that was actually reinvested.

I am not requiring that Local 280 file an amended LM report for 2007 to correct the deficient items, but Local 280 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed that Local 280'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.

Mr. Dean Bushey
June 20, 2008
Page 4 of 4

I want to extend my personal appreciation to Operating Engineers Local 280 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: Richard Barrickman, Financial Secretary / Business Manager