

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Los Angeles District Office  
915 Wilshire Boulevard, Suite 910  
Los Angeles, CA 90017  
(213) 534-6405 Fax:(213) 534-6413



July 28, 2009

Casey Balch, National Representative  
IAEP Local 187  
1819 Knoll Drive  
Ventura, CA 93003

LM File Number: 542-294  
Case Number: [REDACTED]

Dear Mr. Balch:

This office has recently completed an audit of IAEP Local 187 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 July 1, 2009, 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 Violation

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 187's June 30, 2007 fiscal year end records revealed the following recordkeeping violation:

Adequate documentation was not retained for some expenses totaling at least \$11,000. For example, Local 187 paid \$1,200 per month in rent; however, no supporting documentation could be found.

Based on your assurance that Local 187 will retain adequate documentation in the future, no additional enforcement action will be taken regarding this violation.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 187's LM report. The officers should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can also result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person, not just the individuals who are responsible for filing the union's LM report.

#### Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial conditions and operations. The LM-4 filed by Local 187 for fiscal year ending June 30, 2007 was deficient in the following area:

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union file the Labor Organization Information Report (LM-4) within 90 days after the union's fiscal year end. Local 187 failed to file their LM-4 for fiscal year end June 30, 2007 and June 30, 2008.

Local 187 has now filed both delinquent LM-4 Reports. As agreed, Local 187 will properly file the LM report with this agency within 90 days of the unions fiscal year end.

Other Violation

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 187's officers are not currently bonded, but they must be bonded for at least \$1,100. Local 187 is in the process of obtaining adequate bonding coverage to this office as soon as possible, but by no later than September 1, 2009.

I want to extend my personal appreciation to IAEP Local 187 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,

Alan Weiss  
District Director