

U.S. Department of Labor

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Office of Labor-Management Standards
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September 1, 2009

Mr. Thomas Thompson, President
Air Traffic Controllers AFL-CIO Local ZID
1850 South Sigsbee Street
Indianapolis, IN 46241

LM File Number: 519-269
Case Number: [REDACTED]

Dear Mr. Thompson:

This office has recently completed an audit of NATCA Local ZID 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 former Treasurer Marc Schneider on September 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 Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organizations must retain 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 ZID's 2008 records revealed the following recordkeeping violations:

1. Disbursements

Local ZID did not accurately report disbursements information regarding checks and debit card charges. For example, one check was recorded as having been written in fiscal year 2008 when it was dated and cleared the bank in fiscal year 2007. Another check written to a union affiliate and which cleared the bank in 2008 was not recorded in the check register provided to OLMS for this audit. Furthermore, information in union records about debit card charges and electronic payments did not match bank statements.

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. Failure to Record Receipts

Local ZID did not record in its receipts records \$1,289.33 in debit card purchase returns. 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.

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

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report Form LM-3 filed by Local ZID for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Delinquent Form LM-3

Local ZID filed the Form LM-3 for fiscal year 2008 late with OLMS on April 17, 2009. Labor Organization Annual Reports are supposed to be filed within 90 days after the end of a union's fiscal year. So, Local ZID should have filed the Form LM-3 for fiscal year ending December 31, 2008 in March 2009.

2. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union disposed of old computer equipment and gave away retirement watches originally costing \$3,200.50 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

4. Certificates of Deposit Reported As Fixed Asset

Local ZID improperly included the value of a certificate of deposit as a fixed asset in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

I am not requiring that Local ZID file an amended LM report for 2008 to correct the deficient items, but Local ZID has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to NATCA Local ZID 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: Teri Adams, Treasurer

Mr. Thomas Thompson
September 1, 2009
Page 2 of 4