

**U.S. Department of Labor**

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November 30, 2009

Mr. Ronnie Dexter, Business Manager  
Boilermakers, AFL-CIO  
Lodge 108  
501 Huffman Road  
Birmingham, AL 35215

LM File Number: 516-074

Case #: [REDACTED]

Dear Mr. Dexter:

This office has recently completed an audit of Lodge 108 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, Assistant Business Manager Danny Romine, and Administrative Assistant Kristie Speed on November 4, 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 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 Lodge 108's 2008/2009 records revealed the following recordkeeping violations:

1. Meal Expenses

Lodge 108 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, a meal receipt dated 03-17-09 (Washington, D.C.) in the amount of \$259.91 was present in the union files and the meal was paid for with union funds. The meal receipt (or attached document) did not have the nature of union business discussed during the meal. A meal receipt dated 04-01-09 (Sarasota, FL) in the amount of \$127.95 was present in the union files and the meal was paid for with union funds. The meal receipt (or attached document) did not have the nature of union business discussed during the meal. 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. Vacation Records

The Lodge awards two weeks vacation time per year for each full time employee. No Lodge record was present indicating the vacation days used for any of the officers. The president and treasurer (other corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Union Owned Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 / Item 24 (All Officer and Disbursements to Officers) of the LM-3.

Lodge 108 incurred expenses totaling at least \$8,059.19 for automobiles during 2008/2009. However, Lodge 108 did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2 /Item 24 of the LM-3, allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

4. Failure to Maintain Records/Supporting Documentation for Disbursements

Lodge 108 did not retain adequate documentation for disbursements and/or expenses totaling at least \$455.00. For example, a disbursement dated 8-29-08 for \$455.00 payable to All Sports Trophy for union plaques/awards did not have a ticket, invoice, or receipt.

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.

Based on your assurance that Lodge 108 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 violations 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 Lodge 108 for fiscal year ending June 30, 2009, was deficient in the following areas:

1. Failure to File By Laws

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. Lodge 108 amended its By Laws in 2004 but did not file a copy with its LM report for that year or any year since. As agreed, Lodge 108 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than November 10, 2009.

2. Disbursements to Officers and Employees

Lodge 108 did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$2,118.69 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees).

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.

3. Failure to Itemize Disbursement or Receipt

Lodge 108 did not properly report a "major" transaction in Schedule 17. A "major" transaction includes any individual transaction of \$5,000 or more or total

transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that a vehicle valued at \$9,910.00 was given to former Business Manager Charles Gamble as a gift in July 2008. Schedule 17 must be completed to accurately reflect those expenditures.

4. Incorrect Bond Amount Reported on LM-2 Report

The LM-2 for FYE 06-30-2009 revealed the following reporting violation: A review of the union's bonding revealed the union is adequately bonded for \$260,000, however; Line 14 was incorrectly annotated with \$500,000.

5. Sale of Supplies

Lodge 108 did not correctly report receipts from the sale of supplies or disbursements for supplies for resale. The audit revealed that during 2008/2009, Lodge 108 disbursed at least \$8,623.26 for items that it re-sold to members, collecting receipts totaling at least \$10,243.00. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale). In addition, it must report the value of any supplies for resale on hand at the beginning and end of the year in Item 28 and Schedule 7 (Other Assets).

I am not requiring that Lodge 108 file an amended LM report for 2009 to correct the deficient items, but Lodge 108 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Lodge 108 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,



Mr Ronnie Dexter  
November 30, 2009  
Page 6 of 5

Investigator

cc: Assistant Business Manager Danny Romine