

**U.S. Department of Labor**

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September 30, 2009

Mr. John Aldridge  
Secretary Treasurer  
UTU Local 204  
159 Encino  
Pueblo, CO 81005

LM File Number: 042-042  
Case Number: [REDACTED]

Dear Mr. Aldridge:

This office has recently completed an audit of UTU Local 204 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 September 28, 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 Local 204 records revealed the following recordkeeping violation:

1. Failure to Maintain Records

Local 204 did not retain copies of cancelled checks and deposit items from its July 2008 bank statement. Six employer checkoff statements were missing from the union's records. Voided checks were shredded instead of maintained in the records.

2. Meal Expenses

Local 204 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, the meal receipts for seven meetings at the Gold Dust Restaurant did not contain notations of the purpose of the meals, union business conducted and the names of the persons incurring the restaurant charges. 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.

As previously noted above, labor organizations must maintain all union records used or received in the course of union business. 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 Local 204 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-3 filed by Local 204 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. 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.

2. Professional Fees

Local 204 listed its per capita payments to the UTU International under Item 49, Professional Fees, instead of in Item 47, Per Capita Tax.

I am not requiring that Local 204 file an amended LM report for 2007 to correct the deficient items, but Local 204 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Signing Blank Checks

During the audit, you advised that President Dennis Millard signs blank checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 204 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UTU Local 204 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,



Supervisory Investigator

Letter/Mr. John Aldridge  
September 30, 2009  
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Cc: President Dennis Millard