



June 8, 2012

Dwight E. Duley, International Secretary-Treasurer  
International Security Police, Fire Prof, IND

Case Number: [REDACTED]  
LM Number: 543-336

Dear Mr. Duley:

This office has recently completed an audit of Security Police, Fire Prof Local 598 under the Compliance Audit Program (CAP) to determine the organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). 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 598's 2009 and 2010 records revealed the following recordkeeping violations:

1. Gift Cards and Merchandise Expenses

Local 598 did not retain adequate documentation for gift cards and merchandise expenses totaling at least \$5,041.28. For example, the union purchased Walmart gift cards and electronic items, but did not retain the purchase receipts.

As 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. Lack of Authorization

During the audit year, Local 598 gave away door prizes and financial assistance totaling at least \$10,091.28. For example, Local 598 gave away Walmart gift cards and other merchandise totaling at least \$9,091.28 and provided at least \$1,000 in financial assistance to two union members, but the union did not maintain meeting minutes or similar document showing authorization for the giveaways. Additionally, the union did not maintain documentation identifying the recipients of the Walmart gift cards and other merchandise that it gave away.

The union must maintain records showing the distribution of gifts. Union records should identify at least the gift given away, the value of the gift, and the recipient. Additionally, there must be some written authority for the giveaways and financial assistance such as a motion recorded in the union meeting minutes or a provision in the union bylaws.

As Local 598 has ceased to exist, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Security Police Fire Prof 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: David L. Hickey, International President