



July 31, 2013

Mr. Mike Thompson, President
Air Traffic Controllers AFL-CIO Local ZMP
512 Division Street
Farmington, MN 55024

Case Number: 330-08851 [REDACTED]
LM Number: 517967

Dear Mr. Thompson:

This office has recently completed an audit of Air Traffic Controllers AFL-CIO Local ZMP 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 Treasurer Suzanne McLean on July 30, 2013, 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 ZMP's 2011 and 2012 records revealed the following recordkeeping violation:

Meal Expenses

Local ZMP did not require officers to submit itemized receipts for meal expenses totaling at least \$582 that were charged to the union's debit cards. For example, you charged \$141 to Ike's Food and Cocktails for a pre-convention lunch in January 2012, but the receipt maintained was the debit card signature receipt. The union's records for meal expenses contained a voucher and the credit card receipt, and in most instances an adequate description of the union business conducted or purpose of the expense was recorded on the voucher. However, rarely did you or other officers identify the names and titles of those present for the meal.

The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. Further, 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.

Based on your assurance that Local ZMP 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 a violation 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 ZMP for the fiscal years ended December 31, 2011 and December 31, 2012, were deficient in the following areas:

Disbursements to Officers (Item 24) and Employees (Item 46)

Local ZMP did not include some reimbursements to officers totaling at least \$1,918 in 2011 and \$315 in 2012 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Further, Local ZMP did not report any reimbursements to employees in the amounts reported in Item 46 (Disbursements to Employees) in 2011 or 2012. The union's check register, vouchers and meeting minutes show employees received at least \$20,600 in 2011 and \$8,161 in 2012. Officers and employees were reimbursed for travel expenses such as airfare, lodging, meals, per diem, parking, and baggage fees. In addition, Local ZMP purchased gifts for retirement and for meeting attendance of officers and employees. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses) or Item 51 (Contributions, Gifts, and Grants).

The union must report most direct disbursements to Local ZMP officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other

things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local ZMP file amended LM reports for 2011 or 2012 to correct the deficient items, but Local ZMP has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Air Traffic Controllers AFL-CIO Local ZMP 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: Ms. Suzanne McLean, Treasurer