



May 21, 2013

Mr. Bruce Valde, President  
Industrial Workers of the World  
P.O Box 11412  
Berkeley, CA 94712

Case Number: 530-10505 [REDACTED]  
LM Number: 544134

Dear Mr. Valde:

This office has recently completed an audit of Industrial Workers of the World (IWW) 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 Treasurer Donna Page on May 15, 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 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 IWW's 2012 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

IWW did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers. For example, check number [REDACTED] was written for

\$492.02. However, the corresponding reimbursement voucher was for \$200.00, and the attached receipts totaled \$29.02.

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. Disposition of Property

IWW did not maintain records showing the disposition of a donated printer. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

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 IWW for the fiscal year ended June 30, 2012, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

IWW did not include reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to IWW 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).

2. Per Capita Payments (LM-3)

IWW did not include per capita payments to the international in the amounts reported in Item 47 (Per Capita Tax). It appears the union erroneously reported these payments in Item 48.

3. Dues Receipts (LM-3)

IWW failed to properly record incoming dues receipts in Item 38 (Dues). Union records show dues receipts of \$11,065.00 for the fiscal year ending June 20, 2012. Dues receipts must be recorded if the dues were received by the union within the reported fiscal year, regardless of whether that money was deposited into the union's bank accounts.

IWW must file an amended Form LM-3 for the fiscal year ended June 30, 2012, to correct the deficient items discussed above. As discussed during the exit interview, instructions for electronically filing an amended Form LM-3 can be found on the OLMS website ([www.dol.gov/OLMS](http://www.dol.gov/OLMS)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than June 14, 2013. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Industrial Workers of the World 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