



July 24, 2014

Mr. Spencer K. Jessee, Secretary Treasurer  
UTU Local 166  
5372 Allison Street Apt. 202  
Arvada, CO 80002

Case Number: 510-6001160  
LM Number: 530164

Dear Mr. Jessee:

This office has recently completed an audit of UTU Local 166 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 July 9, 2014, 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 166's 2013 records revealed the following recordkeeping violations:

#### 1. Documenting Disbursements

Receipts which document and explain the disbursement of union funds must sufficiently describe the date the expense was incurred, the name and address of the entity providing the goods or services received, the amount, and if not self-explanatory, the nature of the union business requiring the expense and vendor contact information. The audit revealed that during 2013, Local Chairman Mark Archibald submitted several vouchers requesting reimbursement for approximately \$150.00 for postage expenses. The receipts provided for such expenses did not include explanations detailing the union business requiring them. Such receipts should include the member's name, case name or number, or any

additional information that will identify the reason for such expense.

2. Lack of Salary Authorization

Local 166 did not maintain records to verify that the secretary treasurer salary reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Local 166 failed to create and maintain the records to support the salary paid to Secretary Treasurer Jessee for the period covered from January through September 2013. The union must keep a record, such as meeting minutes, to show the current salary is authorized by the entity or individual in the union with the authority to establish salaries.

As agreed, provided that Local 166 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these 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 166 for the fiscal year ended December 31, 2013, was deficient in that it included a payment of \$ 1,381.33 to the IRS as part of the local's 2013 total disbursements even though the payment was made in January 2014.

I am not requiring the local file an amended LM-3 report for 2013, but Local 166 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Issues

As I discussed during the exit interview with you, the audit revealed that Wells Fargo Bank records for UTU Local 166 shows the names of four individuals as the authorized signatories of the local's checking account. Based on the information provided by you during the opening interview, only two officers should be listed as the authorized signatories of the local's checking account. OLMS strongly recommends that unions keep their authorized signatories information updated.

I want to extend my personal appreciation to UTU Local 166 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: Mr. Brad Swarzwelter, President