

U.S. Department of Labor

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May 14,2008

Mr. Alan Swanson, President
Electrical Workers IBEW AFL-CIO
Local 770
63 Jefferson Road
Glenmont, NY 12077

LM File Number 055-437
Case Number: [REDACTED]

Dear Mr. Swanson:

This office has recently completed an audit of IBEW Local 770 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, Treasurer David Normandin, Recording Secretary Jack Haynes, and Financial Secretary Richard Hallenbeck on May 7,2008, 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 770's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 770 did not retain adequate documentation for expenses incurred by the local totaling at least \$942.67. For example, dues refunds; donations to NARP, Equinox Thanksgiving, and the American Diabetes Association; office supplies purchased from IBEW; and meeting expenses at the Comfort Inn.

As previously 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. Lost Wages

Local 770 did **not retain adequate documentation** for lost wage reimbursement payments to [REDACTED], [REDACTED], and [REDACTED] totaling at least \$384.63. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 770 uses lost time vouchers; however, in these instances no voucher was found. A review of the lost time vouchers that were found revealed that on some occasions the required information was left blank.

3. Failure to Record Receipts

Local 770 did not record the date, amount received, and source of a donation of \$1500 received from a local law firm. The local receipts ledger reflects an unexplained additional \$1500 in the September 2007 deposit with a reference to a \$1500 donation in the end of year totals. Union receipts records must include an

adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 770 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 770 for **fiscal** year ending June 30, 2007, was deficient in that:

Local 770 did not include some reimbursements to officers totaling at least \$3,202.07 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the **union** erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 770 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 770 file an amended LM report for 2007 to correct the deficient items, but Local 770 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. 50/50 Raffles


During the opening interview you disclosed that the local conducted 50/50 Raffles during the year to offset the cost of your annual picnic. I suggested that in future raffles you deposit the total amount of proceeds from the raffle and write a check to the raffle winner.

2. Meeting Minutes

Local 770 maintains their meeting minutes in audio form only. Not all of the minutes were clear, making it difficult to understand exactly what was being said. Additionally, it was difficult to immediately locate approval for expenses without having to listen to the entire meeting. I suggested that you keep a written summary of the meeting, including approved expenses and other pertinent information to supplement the audio recordings.

I want to extend my personal appreciation to IBEW Local 770 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: Jack Haynes, Recording Secretary
David Normandin, Treasurer
Richard Hallenbeck, Financial Secretary