

U.S. Department of Labor

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Office of Labor-Management Standards
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July 2, 2009

Thomas Halligan, President
Iron Workers, AFL-CIO
Local Union 6
196 Orchard Park Road
West Seneca, NY 14224

LM File Number: 018-504

Case Number: [REDACTED]

Dear Mr. Halligan:

This office has recently completed an audit of Iron Workers Local 6 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 Financial Secretary/Treasurer Bill Bohlen and Administrative Assistant Katie Willis on June 22, 2009 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 6's 2007/2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 6 did not retain adequate documentation for credit card expenses incurred by union Financial Secretary/Treasurer Bill Bohlen and Business Manager Jim Willis totaling at least \$7,827. The majority of the missing receipt charges were for airfare and lodging. For example, on September 21, 2007 a \$2,240.46 charge at the Westin Hotel (Florida) for lodging had no receipt. Also no receipt was found for a February 19, 2008 U.S. Airways charge costing \$392.01.

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. Meal Expenses

Local 6 did not require Financial Secretary/Treasurer Bill Bohlen and Business Manager Jim Willis to submit itemized receipts for meal expenses totaling at least \$225. 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.

Local 6 records of meal expenses did not always include receipts or written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, two charges on December 18, 2007 at the Orchard Inn for \$145 and \$79.80 had a receipt but no explanation of what the charge was for. 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.

3. Disposition of Property

Local 6 does not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2. 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 28.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items and issue a receipt to the purchaser. Additionally, Local 6 does not adequately control receipts and disbursements with regards to the sale of 50/50 raffle tickets. The union needs to draft procedures for

determining the number and dollar amount of tickets sold, how much was disbursed and how much should be received.

Based on your assurance that Local 6 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-2 filed by Local 6 for fiscal year ending June 30, 2008, was deficient in that:

Failure to File By-laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 6 amended and approved its constitution and bylaws on April 6, 2005, but did not file a copy with its LM report. The constitution and bylaws on file with OLMS were dated May 10, 1978.

Local 6 has now filed a copy of its constitution and bylaws however, LM-2 filers should file constitution and bylaws electronically. Local 6 can file their latest constitution and bylaws with the 2009 LM-2.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 6's officers and employees are currently bonded for \$125,000, but they must be bonded for at least \$155,035.46. Local 6 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than July 22, 2009.

I want to extend my personal appreciation to Local 6 for their cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the

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compliance assistance materials provided to you are passed on to future officers. If we can be of any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: William Bohlen, Financial Secretary/Treasurer
Jerome Halligan, Vice President
Katie Willis, Administrative Assistant