



July 8, 2011

Marty Graham, Treasurer  
International Association of Firefighters AFL-CIO  
Local F-211  
PO BOX 45930  
TINKER AFB, OK 73145-0930

Case Number: [REDACTED]  
LM Number: 517529

Dear Marty Graham:

This office has recently completed an audit of International Association of Firefighters AFL-CIO 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 5, 2011, 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 F-211's 2010 records revealed the following recordkeeping violations:

#### 1. General Reimbursed and Credit Card Expenses

Local F-211 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Todd Lambert, Jody Chase, Wilkerson Len, Marty Graham, and

Robert Emholtz totaling at least \$8,000.00. For example, Marty Graham and Todd Lambert used the Union Plus credit card to purchase airfare for travel to Atlanta, Georgia in November of 2010. The charges for those airline fees plus various other travel expenses appeared on the local's monthly credit card statements; however, there were no receipts or back up documentation within the local's records for these charges.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Meal Expenses

Local F-211 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,000.00. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if these expenses are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local F-211's records of meal expenses did not always include written explanations of the union business conducted or the names and titles of the persons incurring the restaurant charges. For example, there are nine charges for meals that appear on the Union Plus credit card statement for the month of February in 2010 and those charges total to \$471.70. There are no receipts that were found in the local's records to back up those charges; therefore, it was not possible to verify that these expenses were for union business. 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 meal charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses

## 3. Petty Cash

Local F-211 did not maintain an appropriate accounting method for petty cash which was kept on hand in the union hall. Petty cash was used to make change for hat, jacket and t-shirt sales. The union must maintain a basic method to keep track of the funds going in and out of the petty cash account as well as keep track of the running balance. This accounting is required to determine if such disbursements from the petty cash fund are strictly for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Local F-211 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 F-211 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local F-211 did not include any reimbursements to officers totaling at least \$2,000.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 Office & Administrative Expenses. The union must report most direct disbursements to Local F-211's 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. Loans made to Union Members

All loans made to individuals and organizations must be reported within the Item 52 on the LM-3 Report. It appears the union erroneously reported the loan amount in Item 48 Office & Administrative Expenses. The union must report any loan disbursement amounts to Local F-211's members in Item 53. Additionally, the repayment of the loan must be documented in Item 43 of the LM-3 Report.

Local F-211 must file an amended Form LM-3 for the fiscal year ended December 31, 2010, to correct the deficient items discussed above. During the course of the audit, similar reporting errors were discovered on the Form LM-3 for the fiscal years 2008 and 2009. Local F-211 must also file an amended Form LM-3 for those years. I provided you with blank forms and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 for 2008, 2009 and 2010 should be submitted to this office at the above address as soon as possible, but not later than **August 7, 2011**. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures

### Other Violations

The audit disclosed the following other violations:

1. Loans over \$2,000.00

The audit revealed a violation of LMRDA Section 503(a), which states that no union may directly or indirectly loan more than \$2,000 to any officer or employee. During the audit year, Local F-211 issued only one loan in the amount of \$3,000.00 to [REDACTED] on June 13, 2010. [REDACTED] and Treasurer Marty Graham signed a promissory note dated June 13, 2010. The local's records show that [REDACTED] did repay the loan in full on August 10, 2010.

2. 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 F-211's officers and employees are currently bonded for \$5,000.00 but they must be bonded for at least \$8,411.77. Local F-211 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 29, 2011**.

I want to extend my personal appreciation to International Association of Firefighters AFL-CIO 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,

[REDACTED]  
Investigator

cc: Mr. Todd Lambert, President