

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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September 11, 2009

Mr. Randy Appleby, Business Manager
International Brotherhood of Electrical Workers
Local 453
2902 E. Division Street
Springfield, MO 65803

LM File Number 036-289
Case Number: [REDACTED]

Dear Mr. Appleby:

This office has recently completed an audit of IBEW Local 453 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, Jack Bauer, and Susan Bassore on September 4, 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 453's 2008 records revealed the following recordkeeping violations:

General Reimbursed and Credit Card Expenses

Local 653 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Jack Bauer. For example, Bauer was reimbursed for charges on his personal credit card for various meals and office supplies. The local maintained credit card statements, but did not have backup receipts to support the charges and reimbursements.

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.

Based on your assurance that Local 453 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-2 filed by Local 453 for fiscal year ending December 31, 2008, was deficient in that the local netted approximately \$9,144 of receipts and disbursements. The local netted the following items: refunded dues, pension reimbursements to a pension board member, travel reimbursements to an officer for travel expenses related to an insurance company, a

workmen's compensation refund, and payments to the previous business manager when he reimbursed the local for personal business calls on his cell phone.

According to the LM-2 instructions, Statement B reports all cash flowing in and out of the labor organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement.

I am not requiring that Local 453 file an amended LM report for 2008 to correct the deficient items, but Local 453 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 453's officers and employees are currently bonded for \$85,000, but they must be bonded for at least \$85,646. Local 453 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 October 12, 2009.

I want to extend my personal appreciation to IBEW Local 453 for the cooperation and courtesy extended during this compliance audit. I 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: Kevin M. McGill

Mr. Randy Appleby
September 11, 2009
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