

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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March 17, 2008

Mr. Jack Tueth, Business Manager
International Brotherhood of Electrical Workers AFL-CIO
Local 649
4051 Humbert Road
Alton, IL 62002-7114

LM File Number 045-596
Case Number: [REDACTED]

Dear Mr. Tueth:

This office has recently completed an audit of IBEW Local 649 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 and Office Secretary Sue Ann Buchanan on February 29, 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 649's 2007 records revealed the following recordkeeping violation:

General Reimbursed Expenses/Meal Expenses

Local 649 did not retain adequate documentation for reimbursed expenses incurred by Jack Tueth. For example, the local did not maintain back-up documentation for several expense reimbursements listed as gasoline and meals on the corresponding vouchers.

Additionally, Local 649 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. 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.

The local also failed to maintain back-up documentation for several general expenses incurred. For example, the local did not have back-up documentation to support payments to State Farm Insurance and Safety Partners. There was also no documentation to support a \$400 payment to the petty cash fund for "meeting expenses." The local was able to obtain back-up documentation for most of these expenses during the course of the audit, but it is the local's responsibility to maintain such back-up documentation with the union records for at least five years in accordance with the LMRDA.

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.

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.

The audit revealed that Local 649's officers and employees were not bonded for the minimum amount required at the time of the audit. The union was bonded for \$100,000 and required a bond of at least \$135,000. However, the union obtained adequate bonding coverage of \$150,000 and provided evidence of this to OLMS on March 11, 2008. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to IBEW Local 649 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: William Gottlieb, Treasurer