

U.S. Department of Labor

Office of Labor-Management Standards
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April 29, 2010

Mr. Jerry Bellah, Business Agent
IBEW Local 667
2901 Farabaugh
Pueblo, CO 81005

Case Number: [REDACTED]
LM Number: 022691

Dear Mr. Bellah:

This office has recently completed an audit of IBEW Local 667 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 April 26, 2010, 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 667's 2009 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 667 did not retain adequate documentation for credit card expenses incurred by Financial Secretary/Business Agent Jerry Bellah totaling at least \$5,499. For example, there were no receipts for nine credit card charges totaling \$1,965.20, and there were nine charges

totaling \$3,534.67 for which the receipts did not contain any detailed information regarding the purchased items or purpose of the purchase.

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 667 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,511.34. 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 667 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. For example, there were five restaurant receipts totaling \$193.24 which did not have any notations written on the receipts. There were 10 restaurant receipts totaling \$1,318.10 that contained a notation that there was a meeting, but the names or numbers of attendees were not listed. 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.

Based on your assurance that Local 667 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 667 for fiscal year ending September 30, 2009, was deficient in the following areas:

1. Disbursements to Officers

Local 667 did not include some reimbursements to officers totaling at least \$3,230.12 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 667'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 Receivable/Other Assets

Local 667 disbursed funds to an officer for per diem and other expenses prior to a union convention, which the officer was unable to attend. The officer had not reimbursed the union prior to the end of the fiscal year. Local 667 did not record the amount due from the officer on the September 30, 2009, LM-3. The amount due from the officer is an asset of the union and should have been recorded in either Item 26 (Loans Receivable) or Item 30 (Other Assets).

3. Failure to File Bylaws

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 667 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 667 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 667 file an amended LM report for 2009 to correct the deficient items, but Local 667 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 667's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Mr. Jerry Bellah

April 29, 2010

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I want to extend my personal appreciation to IBEW Local 667 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,



Supervisory Investigator

cc: Patrick Zamora, President
Terri J. Clevinger, Treasurer