



April 13, 2012

Mr. Robert Westerman Jr, Business Manager
IBEW LU 932
3427 Ash Street
North Bend, OR 97459

Case Number: [REDACTED]
LM Number: 048006

Dear Mr. Westerman Jr:

This office has recently completed an audit of IBEW LU 932 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 [REDACTED] on March 29, 2012, 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.

Reporting 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 932's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 932 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$551.13 for lodging, gasoline, and other miscellaneous expenses.

As 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 932 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$665.63. 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 932 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, 7 of the meal expenses did not include the union purpose and 2 of the meal expenses did not include the attendees. 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 932 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 932 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Disbursements to Officers and Employees (LM-2)

Local 932 did not report the names of some officers and the total amounts of payments to them or on their behalf in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). The union must report in Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union. The union must report Lost Time payments even if the labor organization does not otherwise consider them to be employees or does not make any other direct or indirect disbursements to them.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column

F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Investments Reported as Cash

Local 932 improperly included the value of an investment as cash in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS does not consider investments as cash.

Local 932 filed an amended LM report for the fiscal year ended December 31, 2011, to correct the deficient items discussed above.

I want to extend my personal appreciation to IBEW LU 932 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]

[REDACTED]

Investigator

cc: Mr. R. Scott Banks, President
Mr. Gordon Bridgham, Treasurer