

U.S. Department of Labor

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May 11, 2007

Ms. Helen Altier, Secretary-Treasurer
Aircraft Mechanics ASN, IND
Local 4
1749 Golf Road, #310
Mount Prospect, IL 60056

Re: Case Number [REDACTED]
LM File Number: 542-847

Dear Ms. Altier:

This office has recently completed an audit of Aircraft Mechanics Local 4 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 President Don Wolfel, Jr. on April 30, 2007, 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 4's 2006 records revealed the following recordkeeping violations:

1. Lost Wages

Local 4 did not retain adequate documentation for lost wages reimbursement payments to union officers totaling at least \$2,549.48. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate or pay, and a description of the union business conducted. The OLMS audit found that Local 4 officers failed to provide adequate documentation for all lost wage reimbursements. In many cases, Local 4 officers just provided emails that only noted the total number of hours lost on the given date. During the exit interview, I provided a sample of an expense voucher Local 4 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Meal Expenses

Local 4 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, Local 4 spent \$557.45 on October 27, 2006 at Syl's Restaurant, but did not provide a list of attendees or a written explanation of the union business discussed. 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 4 will retain adequate documentation in the future, OLMS will take no further action at this time regarding the above violations.

Reporting Violations

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 4 amended its constitution and bylaws in 2005. The national approved the amended bylaws in 2006, but Local 4 did not file a copy with its LM-2 report for that year. Local 4 has now filed a copy of its bylaws.

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 LM-2 filed by Local 4 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Item 27, Column B - Fixed Assets and Schedule 6 - Fixed Assets

Local 4 did include in the amount reported in Item 27, Column B did not include the book value of \$2,447.22 in computer equipment purchased during the audit year. The LM-2 instructions for Schedule 6 require that you report the general description, total cost, accumulated depreciation, book value, and fair market value of all assets at that start and end of the reporting period. The electronic form will automatically enter in Item 27, Column B the total amount reported on Line 8, Column D of Schedule 6.

2. Item 60 - Purchase of Investments and Fixed Assets and Schedule 4 - Purchase of Investments and Fixed Assets

Local 4 did not include in the amount reported in Item 60 the purchase of \$2,447.22 in computer equipment during the audit year. The LM-2 instructions for Schedule 4 require that you report the general description, the total cost, book value, and total cash paid for all fixed asset purchases made during the reporting period. The electronic form will automatically enter in Item 60 the total amount reported on Line 15 of Schedule 4.

OLMS will not require that Local 4 file an amended LM report for 2006 to correct the deficient items, but Local 4 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

Adequate 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 4's officers and employees are currently bonded for \$500,000 through the national union, but the bond contains a single loss retention of \$1,000. Essentially, Local 4 is self-insured for all losses under \$1,000, which is not permitted under Section 502. Local 4 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 June 11, 2007.

Other Issues

Article VI, Section 6 of the Local 4's most recent bylaws states, "the Local shall reimburse expenses incurred by an officer...while on authorized Local business...allowable expenses shall include...pay for work actually lost, not including overtime opportunities." The audit of the local's lost time records revealed that the local's lost time practice was not consistently in compliance with its bylaws. OLMS recommends that Local 4 make the necessary changes to bring its lost time practice into compliance with its bylaws.

Article VI, Section 2 of Local 4's most recent bylaws requires that all checks be signed by the secretary-treasurer and countersigned by the president, or the vice-president in his absence. During the audit, you advised that only you sign checks. The two signature requirement is an effective internal control of union funds. Its purpose is to allow the president, or vice-president, to review all disbursements drawn on the local's account(s). However, only requiring one signature on the checks removes this financial control. OLMS recommends that Local 4 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Aircraft Mechanics Local 4 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 I can provide any additional assistance, please do not hesitate to call.

Ms. Helen Altier
May 11, 2007
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Sincerely,

[REDACTED]

Investigator

cc: Don Wolfel, Jr., President