U.S. Department of Labor

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July 9, 2007

Mr. Wolfgang Hammer, Treasurer
UNITE HERE
Local 471
368 Broadway
Saratoga Springs, NY 12866

LM File Number **043-564**
Case Number: [redacted]

Dear Mr. Hammer:

This office has recently completed an audit of HERE Local 471 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 Manager Paula Weber on June 28, 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 471's 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

   Local 471 did not always obtain itemized receipts for meal expenses from officers totaling at least $471.84. 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.

   Also, Local 471 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, Mr. Hammer had a restaurant charge of $306.90 on May 9, 2006. While the union provided a general explanation, it was not specific enough to clearly state the union benefit of such meeting. In the future, please include the specific purpose of restaurant meetings.

   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.

2. Union Leased Vehicles

   Local 471 incurred expenses totaling at least $2900 for automobiles during 2006. However, Local 471 did not maintain records documenting business versus personal use of the union vehicles.

   The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2 allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

Based on your assurance that Local 471 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Personal use of Credit Cards

The audit revealed that Local 471 permits officers and employees to use union credit cards to pay for personal expenses. Although officers and employees promptly repaid Local 471 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to HERE Local 471 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]
Investigator

cc: Ms. Paula Weber, Office Manager
Theresa Hammer, President