

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management  
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April 16, 2007

Mr. Brent Ida, Financial Secretary-Treasurer  
PACE/USW AFL-CIO, Local 4-0005  
74 Harmony Road  
Mineville, NY 12956-1070

Re: Case No. [REDACTED]

Dear Mr. Ida:

This office has recently completed an audit of PACE/USW Local 4-0005 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 Gasper DeFelice on April 11, 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.

The CAP disclosed the following:

**Recordkeeping Violations**

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

- Union officers and employees failed to maintain adequate documentation for reimbursed expenses and for expenses charged to union credit cards. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the

names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

As agreed, provided that Local 4-0005 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

### **Reporting Violations**

The CAP 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 4-0005 for fiscal year ending December 31, 2006, was deficient in the following area:

- Local 4-0005 failed to include some reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Item 48, Office and Administrative Expense.
  - All direct disbursements to Local 4-0005 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

I am not requiring that Local 4-0005 file an amended LM report for 2006 to correct the deficient items, but as agreed, Local 4-0005 will properly report the deficient items on all future reports filed with this agency.

### **Other Recommendations**

- During the audit, I advised you that there was no inventory of union assets. I recommend that you keep an inventory with a detailed description of union assets; especially those kept at an officer's private residence.

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I want to extend my personal appreciation to you and President DeFelice 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: President Gasper DeFelice  
90 Elk Inn Road  
Port Henry, NY 12974