U.S. Department of Labor

Employment Standards Administration
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August 6, 2007

Mr. Larry Guill, Secretary/Treasurer
Staff Representatives Union
1340 West Fourth Street
Mansfield, OH 44906

LM File Number 062-519
Case Number: [redacted]

Dear Mr. Guill:

This office has recently completed an audit of Staff Representatives Union (SRU) 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 July 20, 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 SRU's 2006 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

SRU did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by various members of the Executive Board totaling at least $4,318.00. For example, there were no receipts for items including: parking, airport parking, shuttles, taxis, airfare, and turnpike tolls. 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

SRU's 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, an officer's voucher states "working lunch" and "working dinner". The receipts from Cozymel's and Paradise Café, both on November 14, 2005 and in Las Vegas, Nevada, do not identify who the officer was meeting with. 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.

3. Cancelled Checks

SRU maintained in its records copies of only the front of canceled checks produced by the bank. SRU must maintain both front and back of the canceled checks.

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

The proper maintenance of union records is the personal responsibility of the individuals who are required to file SRU's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to $100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to $100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report

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 SRU for fiscal years ending June 30, 2005 and June 30, 2006, were deficient in the following areas:

1. Disbursements to Officers

SRU did not include some reimbursements to officers totaling at least $2,662.00 in the amounts reported 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 SRU 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. Cash Basis vs. Accrual Basis

In SRU's previous audit, the officers were told to report on the union's finances on the LM-3 on a cash basis instead of an accrual basis. This was not done as evidenced by a review of the 2005 and 2006 reports. Also, the reports were not dated.

I am not requiring that SRU file amended LM reports for 2005 and 2006 to correct the deficient items, but SRU has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to SRU 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: Brian Adamczyk, President