



September 18, 2013

Mr. Chester Ragucci, President
BCTW Local 348
1 Pleasant Street
Framingham, MA 01701

Case Number: 110-17671-
LM Number: 048-628

Dear Mr. Ragucci:

This office has recently completed an audit of Bakery, Tobacco & Grain (BCTW) Local 348 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 Financial Secretary Juan Figueroa on September 12, 2013, 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 BCTW Local 348's 2012 records revealed the following recordkeeping violations:

1. General Expenses and Debit Card Expenses

BCTW Local 348 did not retain adequate documentation for expenses and debit card disbursements incurred by union officers and employees. The local had expenses totaling \$878.49 for which there were either no validating receipts/bills, or the receipts were not

documented with the union purpose. For example, the local had two gas debits totaling \$92.24 and the receipts were not documented with the name of the person incurring the expense or the union purpose.

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

Local 348 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, the local had restaurant charges totaling \$775.45 for which the receipts were not documented with the names of the persons participating in the meal or the union business conducted. 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. Lost Wages

Local 348 did not retain adequate documentation for lost wage reimbursements to union officers and employees totaling at least \$1,933.36. 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 of pay, and a description of the union business conducted. The OLMS audit found that Local 348 retained a lost wage voucher for each lost wage claim, however, the vouchers did not meet the requirement in 11 cases. For example, the 11 vouchers did not either identify the reason for the lost time, the number of hours lost, the rate of pay, or the date the lost wages were incurred.

During the exit interview, I provided a sample of an expense voucher Local 348 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.

Based on your assurance that BCTW Local 348 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 LM-2 filed by BCTW Local 348 for fiscal year ending December 31, 2012, was deficient in the following areas:

1. Certificate of Deposit Reported As Investments

BCTW Local 348 improperly included the value of a certificate of deposit as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements. The audit also revealed that the CD noted on the 2012 LM was actually cashed out and deposited into the general checking in November 2011.

2. Cash Reconciliation

It appears that the cash figures reported in Item 22 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 22 state that the union should obtain account balances from its books as reconciled to the balances on the bank statements.

3. Disbursements to Officers and Employees

Local 348 did not include some reimbursements to officers and employees/payments to officers and employees totaling at least \$8,250.88 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column D of Schedules 11 and 12 (Gross Salary Disbursements), lost time paid to officers and members conducting union business. 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 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.

BCTW Local 348 must file an amended Form LM-3 for fiscal year ending December 31, 2012, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 15, 2013. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Filing an LM-3 instead of an LM-2 Report

The audit revealed that Local 348 has annual receipts less than \$250,00 and should file an LM-3 and not an LM-2 Report. The local submitted an LM-2 report several years ago and the CPA who completes/files the report for the local kept using the LM-2 even when the annual receipts dropped below \$250,000.

I want to extend my personal appreciation to BCTW Local 348 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: Juan Figueroa, Financial Secretary