



August 6, 2014

Mr. Doug Jordan, President
UFCW Local 73C
560 3rd Street
Elyria, OH 44035-5417

Case Number: 350-6000618 [REDACTED]
LM Number: 024425

Dear Mr. Jordan:

This office has recently completed an audit of UFCW Local 73C 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, current Financial Secretary Robert Woolbright and former Financial Secretary [REDACTED] on July 31, 2014, 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 73C's 2012-2013 records revealed the following recordkeeping violations:

1. Meeting Minutes Not Maintained

UFCW Local 73C was unable to locate the meeting minutes for both its membership meetings and executive board meetings. During the audit, President Jordan advised OLMS

that the membership authorizes all purchases at its membership meetings. Since the minutes could not be found, the union did not maintain records to verify that any purchases it made were authorized by the membership. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Local 73C did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amount and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 73C will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

1. Disbursements to Officers

Local 73C did not include some reimbursements to officers totaling at least \$89.56 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 73C 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).

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2. Failure to File Bylaws

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 73C amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

Local 73C has now filed a copy of its constitution and bylaws.

I am not requiring that Local 73C file an amended LM report for 2013 to correct the deficient items, but Local 73C has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

During the audit, it was noted that Local 73C utilizes a debit card for some of its disbursements. The use of debit cards, unlike the local's use of checks that require two signatures, allows purchases from a union's bank account with authorization from only a single officer. The two signature requirement on checks is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a debit card negates the purpose of the two signature requirement. If the local continues to utilize a debit card for disbursements, OLMS recommends that Local 73C institute procedures regarding its use to improve internal control of union funds.

I want to extend my personal appreciation to UFCW Local 73C 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,



Senior Investigator

cc: Mr. Robert Woolbright, Financial Secretary