



July 24, 2014

Mr. George Carlsen, President
Graphic Communications, IBT Local 600-48M
4 Squire Road
Revere, MA 02151

Case Number: 110-1117663
LM Number: 034848

Dear Mr. Carlsen:

This office has recently completed an audit of IBT Local 600-48M 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 Secretary-Treasurer Priscilla O'Brien, on July 24, 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 600's 2012 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 600 did not retain adequate documentation for credit card expenses incurred by Local President George Carlsen totaling at least \$4,061.56. For example, on February 17, 2012,

\$82.94 was spent at Ruma's Fruit & Gift Basket on what is annotated on the credit card statement as a gift, but no receipt was retained.

As 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 600 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$135.89. For example, on July 31, 2012, Local President George Carlsen charged \$71.00 to the union's credit card at Bernie's Dining Depot in Chicopee, MA, no receipt was retained. 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.

Local 600 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. 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. Officer/Employee Benefits

Local 600 did not maintain records to verify benefit payments on behalf of union officers for health insurance. During the audit year, the spouses of both Local President George Carlsen and Local Secretary-Treasurer Priscilla O'Brien received \$3,354 and \$3,984.40 respectively, in health insurance reimbursements. The union must keep a record, such as meeting minutes, to show that benefit payments are authorized by the entity or individual in the union with the authority to establish such benefits.

During the audit, you advised that Local 600 does not record paid vacation time taken by union officers. Both Local President George Carlsen and Secretary-Treasurer Priscilla O'Brien each receive four weeks of paid vacation a year. Unsanctioned use of paid leave may lead to significant loss of union funds. OLMS recommends that Local 600 review these procedures to improve internal control of union funds.

Based on your assurance that Local 600 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 (Form LM-3) filed by Local 600 for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. Disbursements to Officers

Local 600 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 600 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. Failure to Report Loan

Local 600 did not properly report disbursing a loan totaling more than \$250 to any officer, employee, or member in Item 18. Additionally, no amount was reported as loans receivable in Item 26 or as loans made in Item 53. See the instructions for Item 18 which notes that salary advances are considered loans and must be reported.

Local 600 must file an amended Form LM-3 for the fiscal year ended December 31, 2012, to correct the deficient items discussed above. I provided you with a blank form and instructions, and 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 August 25, 2014. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

The audit disclosed the following other violation(s):

Loans of Over \$2,000 to Union Officers or Employees

During the audit you advised that Local 600 made three salary advances to Local President George Carlsen totaling \$5,923.56. The pay advances were not authorized by the local's membership or executive board. As noted above, pay advances are considered loans under the LMRDA. The advances in aggregate are a loan in excess of \$2,000 and therefore a violation of LMRDA Section 503(a).

Based on your assurance that Local 600 will not make any future loans in excess of \$2,000 to any officer or employee and that any future loan is properly approved, OLMS will take no further enforcement action at this time regarding the violation of LMRDA Section 503(a).

I want to extend my personal appreciation to IBT Local 600-48M 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: Ms. Priscilla O'Brien, Secretary-Treasurer