

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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May 8, 2007

Mr. Tim Moennich, Business Agent
Elevator Constructors
Local 17
3250 Euclid Ave.
Cleveland, OH 44115

LM File Number 049-525

Case Number: [REDACTED]

Dear Mr. Moennich:

This office has recently completed an audit of Elevator Constructors Local 17 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 April 17, 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 a violation of LMRDA Section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 17 approved its bylaws in 2004, but a copy of the bylaws was not filed with Local 17's LM-2 report for that year.

A copy of Local 17's bylaws has now been filed. The local has agreed to file bylaw revisions with OLMS in the future. No further action is required.

- The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. At the time of this audit, Local 17 officers and employees were bonded for \$40,000, when they should have bonded for at least \$55,735.

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The union has obtained adequate bonding coverage for its officers and employees by increasing its coverage to \$60,000 as of March 23, 2007. No further action is required.

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 revealed a violation of Section 206 in that Local 17 failed to maintain a system that can accurately account for cash sale of clothing items and record the inventory and account balance. Based on your assurance that Local 17 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Though not considered a violation during this audit, it is strongly recommended that the union develop an accounting system for the sales of union clothing that will accurately track sales and inventory, as well as cash on hand. Immediate action in this area will help ensure that adequate financial safeguards are in place.

I want to extend my personal appreciation to Elevator Constructors Local 17 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.

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Sincerely,

Fred Vaudrin
District Director

cc: Dennis Dixon, Treasurer