

U.S. Department of Labor

Office of Labor-Management Standards
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May 10, 2022

Toney Holton, President
United Food and Commercial Workers, AFL-CIO
Local Union 35c
[REDACTED]

Case Number: 410-6022864 [REDACTED]
LM Number: 002688

Dear Toney Holton:

This office has recently completed an audit of United Food and Commercial Workers, Local Union 35c 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 President Toney Holten and Treasurer Fredrick Shenefield on April 29, 2022, 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 35c's 2021 records revealed the following recordkeeping violations:

For debit card receipts, the review noted the debit charge dated 03/23/2021, for \$75.13 at Carols Café' was noted for Negotiations however, the "Who Attended" section of the receipt was left blank. The debit card charge dated 03/30/2021, for \$59.49 at Carols Café' was missing the

receipt. Lastly, the debit card charge dated 03/31/2021, for \$125.31 at Miller Ale House was noted for "Negotiations" however, the "Who Attended" section of the receipt was left blank.

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.

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 35c for the fiscal year ended June 30, 2021, was deficient in the following area:

The review of the filed LM-3, dated October 20, 2021, noted in Schedule 24, All Officers and Disbursements to Officers, Block E – Allowances and Other Disbursements did not list any payments (Allowances.) In Block D – Gross Salary, the totals listed for each officer match reported payments. It appears, the CPA added all of the payments under Block D.

I am not requiring that Local 35c file an amended LM report for 2021 to correct the deficient items, but Local 35c has agreed to properly report the deficient items on all future reports it files with OLMS.

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 35c has not filed their current bylaws dated October 09, 2014, with its LM report for fiscal year 2021.

Local 35c has filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to United Food and Commercial Workers, AFL-CIO, Local Union 35c 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,

A solid black rectangular box redacting the signature of the sender.

Criminal Investigator