

**U.S. Department of Labor**

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January 23, 2008

Mr. Tony Banovz, Secretary-Treasurer  
Procter & Gamble Employees Association  
23449 Double Arch Road  
New Douglas, IL 62074

LM File Number **006-131**

Case Number: [REDACTED]

Dear Mr. Banovz:

This office has recently completed an audit of Procter & Gamble Employees Association 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 Shelly Shampine on January 17, 2008, 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 Procter & Gamble Employees Association's 2006 records revealed that Procter & Gamble Employees Association did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,000. 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.

Procter & Gamble Employees Association's 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, executive board meetings are held monthly at Gregg's Bar and Grill. Meals and drinks (alcoholic and non-alcoholic) are provided for all attendees. 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.

Based on your assurance that Procter & Gamble Employees Association 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 Procter & Gamble Employees Association for fiscal year ending September 30, 2006, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Procter & Gamble Employees Association did not include some reimbursements to officers totaling at least \$4,000 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46. The union must report most direct disbursements to Procter

& Gamble Employees Association 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). You have agreed to report all payments to officers in Item 24 on future reports.

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. Procter & Gamble Employees Association amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year. During the exit interview, you agreed to ensure that all changes are filed with the Department of Labor in the future.

I am not requiring that Procter & Gamble Employees Association file an amended LM report for 2006 to correct the deficient items, but Procter & Gamble Employees Association has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Procter & Gamble Employees Association 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: David Wirth, President

