

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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November 12, 2008

Mr. Roger D. Harris
Secretary - Treasurer
UNITE HERE Dining Car Employees Local 43
1130 S. Wabash Ave., Suite 201
Chicago, IL 60605-2373

LM File Number 506-961
Case Number [REDACTED]

Dear Mr. Harris:

This office has recently completed an audit of UNITE HERE, Dining Car Employees Local 43 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 with Jayne Jackson and yourself during the exit interview on October 31, 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 explained, verified, 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 the 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 the 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 records 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 43's records revealed the following recordkeeping violations:

Lack of Salary Authorization

Local 43 did not maintain records to verify the salaries, including overtime of at least \$1,513.10 paid to you and bonuses of at least \$631.11 paid to officers, which were all reported in Schedule 11 (All Officer and Disbursements to Officers) of the Labor Organization Annual Report (Form LM-2). The union must keep a record, such as meeting minutes, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries and pay overtime and bonuses.

Based on your assurance that Local 43 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-2) filed by Local 43 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Report a Discovered Loss

Local 43 failed to report a discovered loss of funds and assets in Item 13. During the audit period, the union discovered a loss of at least \$263 of union assets. The LM-2 Instructions require a union that experienced a loss, shortage, or the discrepancy in its finances during the period covered. The union is also required to describe the loss or shortage in detail in Item 69 of the LM 2 report.

2. Fixed Assets

Local 43 failed to report the value of purchased office equipment totaling at least \$1,951.96 in Item 27/Schedule 6 (Fixed Assets). The LM-2 instructions require that the local report the total book value of all fixed assets at the end of the reporting period, such as land, buildings, automobiles, and office furniture and equipment owned by your organization in 2007.

3. Indirect Payments to Local Officers

Local 43 did not report dues payments the union paid on behalf of officers and district chairpersons in Schedule 11 of the LM-2 report. The LM-2 instructions require all direct and indirect payments to officers be reported in Schedule 11.

Local 43 must file an amended Form LM-2 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. The amended Form LM-2 must be electronically filed as soon as possible, but not later than November 24, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and properly signed with electronic signatures.

Other Issues

1. Authorization of Expense Reports

You advised me during the initial organizational interview that it is Local 43's practice for the president to approve the secretary-treasurer's expense reports and for the secretary-treasurer to approve all other officers' expense reports. However, the audit revealed that the local president did not review and approve all of the treasurer's expense reports. To assure proper safeguard of union disbursement practices, it is highly recommended the president review and approve by signature all of the secretary- treasurer's expense reports.

2. Minimum Required Signatures

You advised during the initial interview that two signatures are required for all Local 43 bank accounts. However, the audit revealed the bank accounts require only one signature for the savings account and one signature for the Katrina Relief fund checking account. To safeguard the local's assets, it is highly recommended that the Local insure all union bank accounts require two signatures from authorized Local officers to withdrawal funds.

3. Asset Inventory

The Local failed to provide records that verify compliance with the union's constitution and bylaws, Article IX, Section 6, in which the local trustees are required to supervise the union's assets and conduct an inventory every year. In accordance with the union's constitution and bylaws, I encourage the Local to require the trustees to perform their duties and to maintain adequate records that verify their supervision of union assets.

I want to thank you for your office's cooperation and courtesy during this compliance audit. I strongly recommend that you make sure that this letter and the compliance assistance material provided to you is passed on to your successor at whatever time you may leave office. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,


Sr. Investigator

cc: Samuel Jenkins, Local 43 President