U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood Street
Room 510
Buffalo, NY 14202-2465
(716)842-2900 Fax: (716)842-2901

May 7, 2007

Mr. Richard Bullock, Business Manager
Graphic Communications, IBT
Local 898-M
23 Market Street
Binghamton, New York 13905

LM File Number 541-290
Case Number: [redacted]

Dear Mr. Bullock:

This office has recently completed an audit of GCIU/IBT, Local 898 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 27, 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.

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 898-M's 2006 records revealed the following recordkeeping violation:

General Reimbursed and Credit Card Expenses

Local 898-M did not retain adequate documentation for reimbursed expenses and credit card expenses incurred. On several occasions, hotel receipts for union travel were not retained. The credit card statements are not sufficient receipts to document expenses incurred by the officers. As previously 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.

Based on your assurance that Local 898-M will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 898-M's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS which was received by our office on May 3, 2007. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

1. Authorized Officer Expenses:

   According to Local 898's bylaws, Article 5, Section 2/Business Manager's Compensation, the Business Manager is allowed to receive paid health insurance. You informed me during the opening interview that checks for your health insurance were cut in your wife's name for ease of completing union records on the computer software. You provided, as requested, information from your health insurance company to verify payments to them.

   I recommended that since your wife is neither an employee nor a union member that checks for health insurance is made directly to the health insurance company itself to avoid any appearances of impropriety of union funds.

2. Signatories on Union Checks:

   During the closing we discussed the importance of having both the Business Manager and the President review and sign each check. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 898 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to GCIU/IBT, Local 898 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,

Laura E. Rola

[redacted]

cc: Mr. Timothy O'Connor, President