

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Chicago District Office  
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April 30, 2008

Mr. Ronald Wagner, President  
Independent Food Clerks Union  
1954 First Street  
Highland Park, IL 60035

Re: Case Number: [REDACTED]

Dear Mr. Wagner:

This office has recently completed an audit of IFCU 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 Magdalena Diaz and you on April 24, 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 Violation

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 the union's 2007 records revealed the following recordkeeping violations:

#### General Reimbursed Expenses

IFCU did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President Ronald Wagner and Treasurer Magdaleno Diaz totaling at least \$2837 in connection with disbursements associated with the union's winter and summer parties.

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 the union 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 the union for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Fidelity Bond Coverage

The union incorrectly reported its bonding coverage in Item 20 at \$10,000. The audit disclosed that the union's bond coverage had lapsed during the fiscal year, therefore the union should have reported its coverage as being \$0. The lack of bond coverage is a matter discussed in later paragraphs.

2. Location of Union Records

Item 9 was answered "No" indicating that the union records are not kept at the mailing address, but the union failed to disclose the location of the records in Item 56 as required.

As discussed during the exit interview, the union was told that they must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above.

Prior to the mailing of this letter, OLMS received the union's amended report for fiscal year ending December 31, 2007 therefore, OLMS will take no further enforcement action at this time regarding the above violations.

#### 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. The audit revealed that the union's officers 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 during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to IFCU 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: Magdaleno Diaz, Treasurer

Mr. Ronald Wagner  
April 30, 2008  
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