U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
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July 1, 2009

Mr. Joseph Budischak, Treasurer
DuPont Employees Philadelphia Works
11 Hummock Ct.
Wilmington, DE 19803

LM File Number 002-189
Case Number: [redacted]

Dear Mr. Budischak:

This office has recently completed an audit of DuPont Employees 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 July 1, 2009, 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.

<u>Recordkeeping Violation</u>

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 DuPont Employees Philadelphia Works records revealed the following recordkeeping violation:

Lack of Salary Authorization

DuPont Employees did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Please have all officers' allowances approved at your local's next membership and/or Executive Board meeting and forward a copy of the meeting minutes to this office as soon as possible, but not later than July 10, 2009.

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 DuPont Employees for fiscal year ending June 30, 2009, was deficient in that you failed to report $4,388 in per capita tax payments to the International in Item 47 (Per Capita Tax) on the report.

DuPont Employees must file an amended Form LM-3 for fiscal year ending June 30, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 10, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

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. Self-insurance by the union, in whole or in part, fails to meet the bonding requirements of the LMRDA. A union may not deposit its own funds with a surety company to pay for losses or to compensate a surety company for losses sustained under a bond.

While DuPont Employees' officers are currently bonded for $150,000 (more than 10 percent of the total funds handled during the previous fiscal year), the bond has a $1,500 deductible. A bond may not have a deductible since it is a form of self-insurance. DuPont Employees should obtain adequate bonding coverage for its officers immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than July 10, 2009.

I want to extend my personal appreciation to DuPont Employees 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,

[redacted]
Investigator

cc: President David Gibson