



December 20, 2010

Mr. Ernie Osburn, Financial Secretary
Glass Molders Plastics, AFL-CIO
Local Union 104
934 Sheely Street
Elmira, NY 14904

Case Number: [REDACTED]
LM Number: 034661

Dear Mr. Osburn:

This office has recently completed an audit of Glass Molders Local 104 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 November 22, 2010, 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 104's 2009 and 2010's records revealed the following recordkeeping violations:

1. General Disbursements

Local 104 did not retain adequate documentation for general expenses and door prizes paid out for the annual union outing. For example, in 2009 there was no documentation to support a payment made for food & catering totaling \$1,600. In addition, there was at least \$500 withdrawn from the bank during fiscal year 2010 to purchase food and door prizes for the outing that was not supported with receipts.

As 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.

2. Lost Wages

Local 104 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$4,812. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 104 did not retain any documentation other than the check itself. The union did not identify the number of hours lost, the individuals' rate of pay, or the union business conducted during the loss.

During the exit interview, it was explained that expense and lost wage forms were provided to the union by the International for use which identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 104's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Other Issue

Dual Signatures- Use of ATM/Debit Card

During the audit it was explained that it is Local 104's practice for two signatory officers to sign all checks. Primarily during the period, President Brian Arnold and Financial Secretary Ernie Osburn signed union checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, during the audit it was found that the union used the union's ATM/debit card for purchases and withdrawals. This use does not attest to the authenticity of the disbursement, and negates the purpose of the two signature requirement. OLMS recommends that Local 104 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 104 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: Mr. Brian Arnold, President
Mr. Kim McNeil, International Rep

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