



December 8, 2010

Mr. Anthony Rockman, Business Manager  
Textile Processors Local 1  
2020 Carnegie Avenue  
Cleveland, OH 44115

Case Number: [REDACTED]  
LM Number: 011125

Dear Mr. Rockman:

This office has recently completed an audit of Textile Processors Local 1 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 and Bookkeeper Maureen O'Brien on November 17, 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 1's 2009 records revealed the following recordkeeping violation:

1. General Reimbursed Expenses

Local 1 did not retain adequate documentation for reimbursed expenses incurred by President Jeanne Gallagher totaling at least \$600. 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 969 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

2. Car Allowance

You received a \$400 a month car allowance during the fiscal year ending December 31, 2009. There was no documentation on file approving the allowance. You must receive approval from the executive board for this monthly allowance at the earliest opportunity. This approval must be recorded in the local's minutes. You agreed to raise the issue at the next executive board meeting and also agreed to send a copy of the minutes to OLMS no later than December 15, 2010.

Other Violations

The audit disclosed the following other violation(s):

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 1 does not have an adequate bond to cover officers and employee. Local 1 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than December 31, 2010.

Recommendations

1. Two Signatures on Checks

As I discussed during the exit interview with you, the audit revealed that Local 1 has only one signature on check since the March 2009. 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. OLMS recommends that Local 1 review this procedure to improve internal control of union funds.

2. Health and Welfare Fund

The union reported on the LM-3 report for fiscal year ending 12/31/2009 \$100,000 in liabilities. This liability is associated with the health and welfare fund, which is separate from the union's funds. In the future, the union should provide information regarding this in Item 56 of the LM report.

I want to extend my personal appreciation to Textile Processors Local 1 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