



October 12, 2010

Mr. Kurt Lemmert, President
Globe Industries Employees Ind.
1960 Troy Street
Dayton, OH 45404-2159

Case Number: |||

LM Number: 068667

Dear Mr. Lemmert:

This office has recently completed an audit of Globe Industries Employees Independent Union 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 Treasurer Gary Mount and Accountant Bruce Brenner on September 29, 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 Globe Industries Independent Union's 2009 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Globe Industries Employees Independent Union general ledger reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Item 16 (Total Receipts of the Union During the Reporting Period) of the LM-4. The LM-4 instructions for Item 16 state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Lack of Salary Authorization

Globe Industries Employees Independent Union did not maintain records to verify that the salaries reported in Item 18 (Total Payments to Officers and Employees) of the LM-4 were the authorized amount. Although Article VIII of the union's constitution authorizes the officers' monthly salary payments, the union's constitution and bylaws do not contain authorization for the officers' dues payments refunded to union officers as part of the officers' salaries. The union must keep a record, such as meeting minutes, to show all portions of the officers' current salaries have been authorized by the entity or individual in the union with the authority to establish salaries.

Based on Globe Industries Employees Independent Union's 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-4) filed by Globe Industries Employees Independent Union for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers

Globe Industries Employees Independent Union did not include some reimbursements to officers totaling at least \$275 in the amounts reported in Item 18 (Total Payments to Officers and Employees) of the LM-4. The instructions for Item 18 of the LM-4 state that all payments to officers, including gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official union business of the organization as well as disbursements which were essentially for the personal benefit of the officer or employee must be reported in Item 18.

2. Receipts Reported

Globe Industries Employees Independent Union did not report at least \$200 in Item 16 (Total Receipts of the Union During the Reporting Period) of the LM-4 filed for the fiscal year ending December 31, 2009. The instructions for Item 16 of the LM-4 Report state that receipts must be recorded when money is actually received by the labor organization.

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Globe Industries Employees Independent Union amended its constitution and bylaws in 1994, but did not file a copy with its LM report for that year.

Globe Industries Employees Independent Union has now filed a copy of its constitution and bylaws.

4. Delinquent Filing

The audit disclosed a violation of LMRDA Section 201 which requires labor organizations to file financial reports annually with the Department of Labor. Globe Industries Employees Independent Union's Labor Organization Annual Report Form LM-4 for the period ending December 31, 2009 was due March 31, 2010 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on April 5, 2010. Globe Industries Employees Independent Union reports for 2002, 2004, 2005, 2007, and 2008 were also filed after their due dates.

Globe Industries Employees Independent Union has agreed to file future reports on time with the Department of Labor.

I am not requiring that Globe Industries Employees Independent Union file an amended LM report for 2009 to correct the deficient items, but Globe Industries Employees Independent Union has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

1. 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.

Globe Industries Employees Independent Union's current bond has a deductible that needs to be removed in order for the local's bonding coverage to meet the LMRDA bonding requirements. Globe Industries Independent Union 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 October 29, 2010.

Other Issues

1. Countersignature

Article VIII of the Globe Industries Employees Independent Union's Bylaws require that all checks be signed by the president and treasurer. However, the union is currently only requiring one signature on checks valued under \$100. 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 Globe Industries Employees Independent Union review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Globe Industries Employees Independent Union 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,

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Investigator

cc: Mr. Gary Mount, Treasurer
Mr. Bruce Brenner, Accountant