



May 24, 2012

Mr. Joseph Leone, Business Manager  
Sheet Metal Workers, AFL-CIO  
Local Union 46  
244 Paul Road  
Rochester, NY 14624

Case Number: [REDACTED]  
LM Number: 032-770

Dear Mr. Leone:

This office has recently completed an audit of Sheet Metal Workers Local Union 46 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 Office Manager Michelle Post and you on May 23, 2012, 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 46's 2011 records revealed the following recordkeeping violations:

1. General Credit Card/Auto Debit Card Expenses

Local 46 did not retain adequate documentation for credit & debit card expenses from the general treasury and auto account incurred by union officers and employees totaling at least

\$393. For example, no receipt was retained from the Monroe County Airport for \$28.75. In addition, there were at least seven missing receipts for gas purchases using the union's debit card from the auto account.

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. Meal Expenses

Local 46 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$344. For example, there was no itemized receipt to Henry B's Restaurant for \$41.64 and Westgate Restaurant for \$30.82.

The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Local 46 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

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-2) filed by Local 46 for the fiscal year ended December 31, 2011, was deficient for the following reason:

#### Disbursements to Officers and Employees

Local 46 did not report the names of some officers and employees and the total amounts of payments to them or on their behalf in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears the union erroneously reported these payments in Schedules 15 through 19.

The union must report all salaries and direct and indirect payments to officers and employees during the reporting period on Schedules 11 & 12. This includes all wages paid to such individuals even if the union does not withhold taxes on their behalf.

I am not requiring that Local 46 file an amended LM report for 2011 to correct the deficient items, but Local 46 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Purchase and Sale of Assets

On Schedule 3 (Sale of Investments and Fixed Assets) and Schedule 4 (Purchase of Investments of Fixed Assets) of the Form LM-2, the union included a general description of “sale of assets for sale” and “building improvements,” respectively. The amount in each column was significant. It appears the union is including the proceeds of the sale of the building at Rutter Street and combining multiple large improvement projects completed at the new building on one line of the schedules.

It is recommended that any significant improvements be listed separately with a description of the improvement in Column A. In addition, for the purchase or sale of any buildings or land, a location should be provided in Column A with the description. On the Form LM-2 additional information can also be provided in Item 69 (Additional Information) for the disclosure of such information.

I want to extend my personal appreciation to Sheet Metal Workers Local 46 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: Ms. Michelle Post, Office Manager  
Ms. Dawn Minemier, Bonadio & Co., LLP