



January 14, 2014

Mr. Jimmy Lewis, President  
United Food & Commercial Workers  
Local 526-C  
P.O. Box 5160  
Texarkana, TX 75501

Case Number: 420-4214164  
LM Number: 012703

Dear Mr. Lewis:

This office has recently completed an audit of United Food & Commercial Workers Local 526-C 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 Vice President Carolyn Hayes on January 15, 2014, 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 526-C's 2012 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

UFCW Local 526-C failed to provide any supporting documents to verify any of its officer's salaries reported in item 24 (All Officers and Disbursements to Officers) was the

authorized amount and therefore correctly reported. UFCW Local 526-C President Jimmy Lewis stated that officer salary payments disbursed prior to November 10, 2012 were authorized by Local 526-C's membership over 10 years ago. UFCW Local 526-C 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. In November 2012, UFCW Local 526-C voted to waive its officers' salaries, and as a result, this violation is moot.

2. Lack of Cell Phone Authorization/Reimbursement

UFCW Local 526-C failed to provide any supporting documents to verify the approval for the disbursement of UFCW Local 526-C President Jimmy Lewis' yearly cell phone expense for \$576, which was authorized over 10 years ago. . UFCW Local 526-C must keep a record, such as meeting minutes, to show the approved cell phone expense authorized by the entity or individual in the union with the authority to approve the cell phone expense.

Based on your assurance that UFCW Local 526-C 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-3 filed by UFCW Local 526-C for the fiscal year ended June 30, 2012, was deficient in the following areas:

1. Disbursements to Officers

UCFW Local 526-C did not correctly report direct or indirect disbursement to UFCW Local 526-C President Jimmy Lewis on Item 24 (All Officers and Disbursements to Officers). It appears that UFCW Local 526-C erroneously reported a disbursement of \$576 for Lewis' yearly cell phone expense, paid to his wife, in Item 55 (Other Disbursements).

The union must report most direct disbursements to UFCW Local 526-C officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an

airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Other Receipts

UFCW Local 526-C erroneously reported a transfer for \$5,000 between accounts as other receipts. During the audit, UFCW Local 526-C President Jimmy Lewis revealed that UFCW did not receive additional receipts and that the \$5,000 transfer was erroneously reported as other receipts.

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 or bylaws with its LM report when it makes changes to its constitution or bylaws. UFCW Local 526-C amended its constitution and bylaws in 2000, but did not file a copy with its LM report for that year.

A copy of UFCW Local 526-C's amended constitution & bylaws was obtained during the CAP.

UFCW Local 526-C must file an amended Form LM-3 for the fiscal year ended June 30, 2012, to correct the deficient items discussed above. I encourage UFCW Local 526-C to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than January 24, 2014 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to United Food & Commercial Workers Local 526-C 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. Carolyn Hayes, Vice-President