



April 25, 2018

Mr. Frank Dubravetz, Secretary Treasurer  
UFCW Local 207C  
2501 Graham Avenue  
Akron, OH 44312

Case Number: 350-6012244 [REDACTED]  
LM Number: 006111

Dear Mr. Dubravetz:

This office has recently completed an audit of UFCW Local 207C 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 [REDACTED] on March 28, 2018, 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 Violation

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 207C's records for fiscal year ending June 30, 2017 revealed the following recordkeeping violations:

Local 207C did not retain adequate documentation for debit card expenses incurred by former Secretary Treasurer Joseph Lusting totaling at least \$1,000.00. For example, no receipts or documentation was maintained for debit purchases at Staples, Pizza Hut, Buehler's, Hartville Kitchen and Taylor Made Jewelry.

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.

Based on your assurance that Local 207C 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 Local 207C for the fiscal year ended June 30, 2017, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 207C did not correctly report some officer's salaries in Item 24 (All Officers and Disbursements to Officers). It appears that an election of officers toward the end of the audit year caused a change in monthly salary amounts that was not properly accounted for in Item 24.

Local 207C did not report Vice President Eric Harvey and the total amounts of payments to him or on his behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 207C 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. Cash Reconciliation, Receipts, and Accounts Payable

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 207C's books after reconciliation to the bank statements. The instructions for Item

25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 207C failed to report any receipts on the LM-3 for fiscal year ending June 30, 2017 although they received approximately \$31,774.00 in dues.

Local 207C reported \$45,486.00 in accounts payable when they did not have any accounts payable.

During the exit interview, I advised that Local 207C must file an amended Form LM-3 for the fiscal year ended June 30, 2017 to correct the deficient items discussed above. The amended report correcting the deficient items has been received.

I want to extend my personal appreciation to UFCW Local 207C 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,



Senior Investigator

cc: Mr. Tim Davis, President