

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 7, 2006

John Paradore, President
Lima-Troy Area CAP Council
1440 Bellefontaine Avenue
Lima, Ohio 45804

Re: Case Number:

Dear Mr. Paradore:

This office has recently completed an audit of Lima-Troy Area CAP Council 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, Sharon Sheeter and Ruth Stewart on August 17, 2006, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

In violation of Section 206 of the LMRDA, Lima-Troy Area CAP Council failed to maintain receipts for disbursements such as rent for office space and catered meals for CAP meetings. Such records are required by law to be maintained for a period of five years after filing of the LM Report based on the information it contains. As agreed, provided that CAP Council maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Finally, in violation of LMRDA Section 201(b) Lima-Troy Area Cap Council filed a deficient LM-3 Report for its fiscal year ended December 31, 2005. The following discrepancies were noted:

- Item 24 must include all direct and indirect payments to officers. For example, the audit found a check to Vice President Donaldson in the amount of \$410.57. This amount included \$149.44 which was for the purchase of a DVD player for a giveaway. This expenditure must be reported in Item 24.
- Disbursements for various give-away/donation items were recorded in Item 54, Other Disbursements rather than in Item #51, Contributions, Gifts and Grants. For example, in March 2005, a check written to *Knights Inn* for \$120.04 for a two-night stay was actually a prize or gift.
- Expenditures for insurance for the employee must be reported in Item 50, Benefits not Item 54, Other Disbursements. For instance, there were checks written to *Allianz Life Insurance* for [REDACTED] erroneously recorded in Item 54, Other Disbursements.

As discussed during the exit interview, Lima-Area CAP Council must file an amended LM-3 Report for its fiscal year ended December 31, 2005, to correct the cited deficiencies. The union amended the LM-3 report for 2005 with the above deficient items corrected. Therefore, no additional enforcement action will be taken regarding this violation.

I want to extend my personal appreciation to 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,

Fred Vaudrin
District Director