

U.S. Department of Labor

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September 30, 2008

Daniel Lysogorski, Treasurer
Engineers, Prof & Tech, AFL-CIO
Local Union 147
61 Freemans Bridge Rd.
Glenville, NY 12302

LM File Number: 043-451

Case Number: [REDACTED]

Dear Mr. Lysogorski:

This office has recently completed an audit of Professional & Technical Engineers Local 147 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 President (GE) Gregg Zeman, President (LMC) Charles Trembley, Corresponding Secretary Michael Marcantonio, and you on September 18, 2008, 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 Professional & Technical Engineers Local 147's records for fiscal year ending April 30, 2008 revealed the following recordkeeping violations:

1. General Disbursements

Local 147 did not retain adequate documentation for some disbursements totaling at least \$1,010. There was no documentation for a check issued to Entertainment for \$900 for the purchase of Entertainment Books. Also, no invoices were retained for the rental of meeting rooms at Buekendal Temple for \$60 and to [REDACTED], Inc. for \$50.

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 147 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$550. 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.

Furthermore, Local 147's records of meal expenses were not supported with any documentation, except the credit card statement, totaling at least \$783. For example, the union failed to retain a receipt from Scotti's Restaurant for \$88.25 and from Maurice's Redi Foods for \$57.27. Union records of meal expenses must include not only the itemized receipt but also written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

3. Credit Card Expenses

Local 147 did not retain adequate documentation for credit card expenses incurred by President (GE) Gregg Zeman, President (LMC) Charles Trembley, Corresponding Secretary Michael Marcantonio, and you totaling at least \$2,761. The union did not maintain receipts for food purchased for meetings at Subway Restaurant totaling \$265.13. In addition, charges at Lowes for \$42.87 and \$100, Hannaford supplies for \$35.78 and \$34.69, and Office Max for \$113.65 and \$701.99 were not supported with original receipts.

As previously 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.

4. Receipt Dates and Source not Recorded

Entries in Local 147's receipts journal does not reflect the actual date the money was received. Furthermore, many receipt entries do not include the source of the funds. Union receipt records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B 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. In addition, union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

5. Lost Wages

Local 147 did not retain adequate documentation for lost wage reimbursement payments to [union officers and other employees](#) on most occasions. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 147 retained the weekly employer reports summarizing the total number of hours and the gross amount, however the union [did not identify on the](#)

a lost wage voucher, or similar document, the union business conducted and the actual date the loss was incurred.

During the exit interview, I explained the required information needed to satisfy this requirement. Additional information was provided to you explaining the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 147's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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-3) filed by Professional & Technical Engineers Local 147 for fiscal year ending April 30, 2008 was deficient in the following area:

All Officers and Disbursements to Officers

Local 147 did not include some reimbursements to officers **totaling at least \$650** in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

In addition, on the report Local 147 grouped twenty-six non-officer members and payments made to them on one line of Item 24. These payments should be reported in Item 46 (Disbursements to Employees). 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 147 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).

I am not requiring that Local 147 file an amended LM report for 2008 to correct the deficient items, but Local 147 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

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.

Local 147's officers and employees are currently bonded for \$5,000, but they must be bonded for at least \$21,266. Local 147 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 no later than October 24, 2008.

Other Issues

1. Use of Signature Stamp

During the audit, you advised that it is Local 147's practice for use of a signature stamp for all check signed by President (GE) Gregg Zeman. 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. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 147 review these procedures to improve internal control of union funds.

2. Inventory of Fixed Assets

As discussed with you during course of the compliance audit and during the exit interview, it is recommended that the union maintain an inventory list of its assets. An inventory list will help you identify, account for, and determine the total value of your union's fixed assets. You agreed to compile such a list and provide a copy to OLMS.

I want to extend my personal appreciation to you and all other officers of Local 147 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: Gregg Zeman, President (GE)

Charles Trembley, President (LMC)