

## U.S. Department of Labor

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May 21, 2009

Robert Kenyon, President  
Electrical Workers, IBEW, AFL-CIO  
Local Union 2154  
3576 California Road  
Orchard Park, NY 14127

LM File Number: 062-321

Case Number: [REDACTED]

Dear Mr. Kenyon:

This office has recently completed an audit of the IBEW Local 2154 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 Business Manager/Financial Secretary Doug Norton and Office Secretary Judy Harris on May 11, 2009 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 2154's 2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 2154 did not retain adequate documentation for credit card expenses incurred by union Business Managers Michael Mucikowsky and Douglas Norton totaling at least \$1,225. For example, on March 11, 2008 a charge at Office Depot for fax supplies costing \$108.74 had no receipt. Also no receipt was found for a September 9, 2008 on-line charge at "buyonlinenow" for executive portfolios costing \$109.

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.

2. Meal Expenses

Local 2154 did not require Business Managers Michael Mucikowsky and Douglas Norton to submit itemized receipts for meal expenses totaling at least \$195. 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.

Local 2154 records of meal expenses did not always include receipts or written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on March 13, 2008 a charge at Damon's Restaurant in Erie, PA for \$37.19 had no receipt. Also no receipt was found for a June 6, 2008 charge at Perkins Restaurant for \$29.52. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 2154 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 2154 for fiscal year ending December 31, 2008, was deficient in that:

#### Failure to File By-laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 2154 amended its constitution and bylaws 12 times since November 1994, but did not file a copy with its LM report since that year.

Local 2154 has now filed a copy of its constitution and bylaws.

#### 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 2154's officers and employees are currently bonded for \$90,000, but they must be bonded for at least \$105,947. Local 2154 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 not later than June 15, 2009.

I want to extend my personal appreciation to Local 2154 for their 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 be of any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Douglas Norton, Business Manager  
Joseph DiGiacomo, Treasurer  
Judith Harris, Office Secretary