

**U.S. Department of Labor**

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May 19, 2009

Mr. Anthony Coppola, Financial Secretary  
Electrical Workers, IBEW AFL-CIO  
Local Union 41  
3546 California Road  
Orchard Park, NY 14127

LM File Number: 011-397

Case Number: [REDACTED]

Dear Mr. Coppola:

This office has recently completed an audit of Electrical Workers Local 41 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 with you during the exit interview on May 18, 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 IBEW Local 41's records for fiscal year ending December 31, 2008 revealed the following recordkeeping violations:

1. General Disbursements

Local 41 did not retain adequate documentation for payments to [REDACTED], as umpire for the union's softball tournament. In addition, there was no supporting documentation or record in the meeting minutes on the purchase of two tickets to [REDACTED] Retirement Dinner totaling \$500.

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 41 did not retain itemized receipts for meal expenses totaling at least \$574.63. 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.

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.

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.

### 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-2) filed by IBEW Local 41 for fiscal year ending December 31, 2008 was deficient in the following areas:

1. Failure to Itemize Disbursements

Local 41 did not properly report several "major" transactions in Schedule 18 (General Overhead) and/or other appropriate schedules. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B.

The audit found that Local 41 did not properly itemize payments to the New York State Insurance fund that totaled \$5,028 for workers compensation insurance. In addition, a payment was made to [REDACTED] for \$6,224 for the union's annual outing that was not itemized. These amounts, including any additional non-itemized transactions should be detailed on an initial itemization page for the appropriate schedule.

2. Certificate of Deposit Interest

Local 41 improperly reported the interest received during the reporting period from certificates of deposits. The union reported \$29,966 in interest received, however the records indicate that the union received \$36,848.

For LM reporting purposes, OLMS considers a certificate of deposit to be cash. In Item 40 (Interest) the total amount of interest received by the labor organization from savings accounts, bonds, mortgages, loans, and all other sources should be reported. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

I am not requiring that Local 41 file an amended LM-2 report for 2008 to correct the deficient items, but the local has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 41 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,

[REDACTED]

[REDACTED]

Investigator

cc: Michael Franey, President  
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