

U.S. Department of Labor

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December 8, 2009

Mr. Charles Langlais, President
Glass Molders Plastics AFL-CIO
Local 257B
28 1/2 Lovell Street
Nashua, NH 03060

LM File Number 034-423
Case Number: ||| ||| ||| |||

Dear Mr. Langlais:

This office has recently completed an audit of GMP Local 257B 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 Treasurer Eileen Theberge, Recording Secretary Richard Ledoux, Vice President Brian Allison, and yourself on December 4, 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.

The CAP disclosed recordkeeping violations and reporting violations.

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 257B's 2008 records revealed the following recordkeeping violations:

1. Local Expenses

Local 257B did not retain adequate documentation for local expenses totaling at least \$1,100. These expenses included: meeting hall rentals for local meetings, refreshments provided at local meetings, office supplies, training for using the local's general ledger, and payments to union members for conducting an audit of the union's financial records.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) as your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Receipt Dates not Recorded

Entries in Local 257B's general ledger reflect the date the union deposited money, but not the date money was received. Union receipts 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

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.

3. Local Receipts

Local 257B did not retain adequate documentation for local receipts totaling at least \$90. These receipts included three initiation fees received during the fiscal year ending October 31, 2008.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. 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. Lack of Salary Authorization

Local 257B did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 257B 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 257B for fiscal year ending October 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 257B did not include some reimbursements to officers totaling at least \$45 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).

The union must report most direct disbursements to Local 257B 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

It appears that the cash figures reported in Item 25 are not the cash figures according to the union'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.

3. Investments Reported As Cash

Local 257B improperly included the value of an investment in Statement A (Assets and Liabilities) in Item 25 (Cash). For LM reporting purposes, investments other than U.S. Treasury securities must be reported in Item 28 (Investments). The book value of these investments is the lower of the cost or market value.

4. Failure to Properly Categorize Disbursements

Local 257B did not correctly categorize at least \$750 in office and administrative payments in Item 48 (Office and Administrative Expenses). It appears as though the local erroneously reported these disbursements in Item 47 (Per Capita Tax) and Item 54 (Other Disbursements). The instructions for Item 48 state the total amount of ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. must be entered in Item 48.

Local 257B must file an amended Form LM-3 for fiscal year ending October 31, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than January 8, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to GMP Local 257B 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,

Mark Letizi
District Director

cc: Eileen Theberge, Treasurer
Richard Ledoux, Recording Secretary
Brian Allison, Vice President