

U.S. Department of Labor

Office of Labor-Management Standards
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September 24, 2013

Mr. Jessie Dykes, President
Graphic Communications, IBT, Local 513-S
1477 Rucker Lane
Murfreesboro, TN 37128

Case Number: 430-10519 [REDACTED]
LM Number: 020-502

Dear Mr. Dykes:

This office has recently completed an audit of Graphic Communications, IBT, Local 513-S 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 on September 4, 2013, 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 513-S's records for period ending June 1, 2010 revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 513-S did not record in its receipts records some employer dues checkoff checks and some checks received from banks for interest earned on certificates of deposit totaling at least 1,392.64. For example, the union failed to record in its ledger book \$1,391.50 in employer checkoff checks and \$1.17 and interest earned on its checking account. 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.

2. Bank Statements

Local 513-S did not maintain the bank statement for the period ending September 15, 2009. As previously stated, labor organizations must maintain all records used or received in the course of union business. This also includes retaining bank records for all accounts.

As Local 513-S has ceased to exist, 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-4) filed by Local 513-S for the fiscal year ended June 1, 2010 was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 513-S did not include some reimbursements to officers totaling at least \$816.61 in the amounts reported Item 18 (Disbursements to Officers and Employees).

In Item 18, the union must report total amount of all payments to officers and employees during the reporting period. The amount should include for example, gross salaries (before tax withholdings and other payroll deductions); lost time pay; monthly, weekly, or daily allowances, and disbursements for conducting official business of the union as well as disbursements which were essentially for the personal benefit of the officer or employee.

2. Disbursements

Local 513-S did not include in the amounts reported in Item 17 (Disbursements) disbursements totaling at least \$29,934.69. It appears that the disbursements were erroneously reported these payments in Item 18 (Payments to Officers and Employees). The LM-4 instructions require unions to include in Item 17 all disbursements made such as net payments to officers and employees, per capita tax and other fees or assessments which the union paid to any other organization, payments for administrative expenses, loans made by the union and taxes paid.

3. Receipts

Local 513-S did not report at least \$2,542.67 in receipts in Item 16 (Receipts) of the report. The LM-4 instructions require unions to report the total amount of all receipts received during the reporting period, including, for example, dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the union.

4. Failure to File Bylaws

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 513-S amended its constitution and bylaws on an unknown date, but did not file a copy with its LM report.

As previously stated, since Local 513-S has ceased to exist, OLMS will take no further enforcement action at this time regarding the above violations.

Violation of Bylaws

Lack of Membership Approval

Local 513-S did not obtain membership approval for payment of expenses as required in Article VI, Sections 3 through 4 of the local's by-laws totaling at least \$800. For example, Local 513-S reimbursed membership dues to the shop steward totaling \$115 and to the chapel chairman totaling \$46. Article V, Section 8 of the union's constitution states that all elected and appointed officers are exempt from paying dues. There is no provision in the bylaws that allow union stewards to be reimbursed for membership dues. Additionally, Article IV, Section 1 of the constitution does not classify union stewards and the chapel chairman as officers.

Additionally, Local 513-S donated \$400 to a sick member and paid the chapel the chairman a salary totaling \$119 without obtaining membership approval. Mr. Dykes, as president, you received a monthly expense stipend of \$40 as provided in the bylaws, but you also paid yourself an additional stipend of totaling at \$120 for performing the duties of treasurer without membership approval.

The union's constitution and bylaws provide certain provisions for disbursing union funds. For example, Article VI, Section 2 of the bylaws requires a majority vote by the membership to pay bills of the union. Section 3 of that same article gives the secretary-treasurer the authority to pay only "regular bills" without vote of the union. In addition, Article V of the union's constitution contains a provision for the president and treasurer to receive a salary. However, the constitution does not contain a provision for the chapel chairman to receive a salary.

Other Issue

Dues Reimbursement

Mr. Dykes, you received reimbursement in membership dues in which you may not have been entitled to receive. The audit revealed that you reimbursed yourself \$119 in membership dues for the months of July, August, and September 2009. However, you should have received only \$69. It is important that all disbursements are accurate and issued in the proper amounts. All checks and supporting documents should be thoroughly reviewed for accuracy and completeness.

I want to extend my personal appreciation to Graphic Communications, IBT, Local 513-S 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 for future use. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Mr. Robert Lacey, International Vice-President/Secretary-Treasurer