



March 31, 2014

James Riley, Financial Secretary-Treasurer
Food & Commercial Workers
Council New England
278 Silver Spring Street
Providence, RI 02904

Case Number: 110-1117668
LM Number: 070140

Dear Mr. Espinosa:

This office has recently completed an audit of 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 and Financial Secretary-Treasurer James Riley on March 7, 2014, 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.

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 the council for the fiscal year ended December 31, 2012 was deficient in the following areas:

Disbursements to Officers

- The council did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). 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 council 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).

The council filed an amended Form LM-3 for the fiscal year ended December 31, 2012, at the closing interview on March 7, 2014 to correct the deficiency.

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. The union amended its constitution and bylaws in 2001, but did not file a copy with its LM report for that year.

The council filed amended bylaws with OLMS at the closing interview on March 7, 2014, to correct the deficiency.

Based on your assurance that the council will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other

Use of Signature Stamp

During the audit, James Riley advised that it is the council's practice for one officer to sign a check, either the president or secretary-treasurer, and then a signature stamp was usually used for the non signing officer. Article IX, Financial-Secretary, Sec. 1, of the council's bylaws requires that checks be countersigned by himself and the president. 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 the council review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to 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,



Investigator

cc: Mr. James P. Riley, Financial Secretary-Treasurer