



May 28, 2014

Mr. Eric Yost, President
Local Branch 426
PO Box 13314
Hamilton, OH 45103

Case Number: 350-6000502
LM Number: 082144

Dear Mr. Yost:

This office has recently completed an audit of Local Branch 426 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 on May 1, 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.

Record Keeping 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 Branch 426's 2013 records revealed the following recordkeeping violations:

1. Local Branch 426 did not record all transfers within local financial reports. For example, internal monthly transfers between accounts were not booked into the local's financial reports. This happened six times during the course of the year. This caused local monthly financial reports to be off and books were not properly balanced. As noted above, labor organizations must maintain accurate 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.

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-3 report when it makes changes to its constitution or bylaws.

1. Local Branch 426 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

Local Branch 426 has now filed a copy of its constitution and bylaws.

Inadequate Bonding

The audit revealed that the amount of Local Branch 426's bond is sufficient. However, the bond includes a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA.

Local Branch 426 should obtain a bond without a deductible. Please provide proof of bonding coverage without a deductible to this office as soon as possible, but not later than July 30, 2014.

I want to extend my personal appreciation to Local Branch 426 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