



November 6, 2014

Mr. Lloyd Koplin, Financial Secretary
Food & Commercial Workers
Chemical Workers Council Local 203C
1717 Peoria Street
Peru, IL 61354-1744

Case Number: 310-6000562
LM Number: 040-476

Dear Mr. Koplin:

This office has recently completed an audit of Food & Commercial Workers, Chemical Workers Council (ICWUC) Local 203C 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 President Randy Cole on October 21, 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.

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 203C's records for fiscal years ended June 30, 2011; June 30, 2012; and June 30, 2013 revealed the following recordkeeping violations:

1. Receipt and Disbursement Transactions Not Recorded

The multi-year review of Local 203C's financial records revealed that the union did not record vending machine proceeds received from Tri-City Vending. During the period July 2010 through June 2013, Local 203C received approximately \$1,689 in receipts from Tri-City Vending. The union also disbursed approximately \$1,719 of these proceeds during the period July 2011 through June 2013. The monies were not disclosed in the ICWUC monthly reports, Forms 42, as detailed in the ICWUC Financial Officers Handbook. Likewise, the monies were not reported in the trustee's quarterly report, Forms 231, as required by Article IX of the ICWUC Local 230C bylaws.

2. Meal and Party Expenses

Local 203C did not require officers or members to submit itemized receipts for meal or party expenses totaling at least \$4,431. Local 203C records of meal expenses also did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. The union must maintain itemized receipts provided by restaurants to officers and employees. Union records of meal expenses must also include written explanations of the union business conducted, the full names and titles of all persons who incurred the charges, and the names of the restaurants where the officers or employees incurred meal expenses. 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.

Holiday party expenditures were likewise inadequately documented. For example, a non-itemized receipt dated December 10, 2011 for "PQ Ladies" was the only record submitted in support of a \$1,169 bill. Similarly, a non-itemized receipt dated December 15, 2012 was the only record submitted in support of a \$1,172 food and bar bill. As is your practice, party expenses should be authorized in advance and recorded in meeting minutes. A record of the attendees should also be maintained.

3. Disposition of Gifts

The multi-year review of Local 203C's financial records revealed that the union did not maintain adequate records for disbursements of memorial gifts or donations to members in distress. During the period August 2010 through June 2013, Local 203C distributed at least \$2,300 in checks as gifts or donations to members. Article X of the ICWUC Local 230 C bylaws provides that the local executive board may authorize financial assistance to members for personal disasters or other financial assistance. However, the union must maintain a record to document that the authorization was, in fact, provided by the local executive board. As we discussed on October 21, 2014, the union may record such authorization in meeting minutes or through implementation and use of a voucher system. A sample voucher is enclosed in this mailing for your reference.

Based on your assurance that Local 203C 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 Reports Form LM-3 filed by Local 203C for the fiscal years ended June 30, 2011; June 30, 2012; and June 30, 2013 were deficient in the following areas:

1. Failure to Report the Employee Fund Activity

The multi-year review revealed that Local 203C did not report receipts or disbursements related to vending machine proceeds on LM-3 reports filed for the years 2009 through 2013. The receipt of the monies should have been reported annually on the LM-3 report in Item 43, Other Receipts. The disbursements of these funds should be reported in compliance with the LM-3 instructions for Statement B (Receipts and Disbursements), although the funds were historically spent on Item 48, Office and Administrative Expenses. The LMRDA Section 201(b) requires each labor organization to disclose receipts of any kind and the sources thereof, as well as disbursements made by the union and the purposes thereof.

2. Disbursements to Members as Contributions, Gifts and Grants

Local 203C did not report contributions, gifts and grants paid to members. You advised that the local has a practice of issuing disbursements as memorial gifts or donations to members in distress. As previously discussed, these payments totaled at least \$2,300 during the period August 2010 through June 2013. However, the union consistently reported \$0 disbursements on the LM-3 Form Item #51; Contributions, Gifts & Grants. It appears the union erroneously reported the payments in Item 54, Other Disbursements.

3. 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 203C amended its constitution and bylaws in 2002, but did not file a copy with its LM report for that year.

Local 203C has now filed a copy of its constitution and bylaws.

I am not requiring that Local 203C file amended LM reports for fiscal years ended June 30, 2011; June 30, 2012; and June 30, 2013 to correct the deficient items. However, Local 203C has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Food & Commercial Workers Local 203C 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,



Senior Investigator

cc: Mr. Randy Cole, President

Enclosures