



September 26, 2014

Mr. Robert Mamon, President  
Graphic Communications, AFL-CIO  
Local Union 17B  
130 Winspear Road  
Elma, NY 14059

Case Number: 110-1209300 [REDACTED]  
LM Number: 015488

Dear Mr. Mamon:

This office has recently completed an audit of Graphic Communications, Local 17B 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 with you during the CAP several problem areas were disclosed. 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 17B's 2011 records revealed the following recordkeeping violations:

1. General Disbursements

Local 17B did not retain adequate documentation for some union check disbursements totaling at least \$5,000. Specifically no billing statements or invoices were retained for cell phone and accountant expenses. Additionally, no supporting documentation was retained for reimbursed expenses to you totaling at least \$1,500.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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.

2. Receipt Dates not Recorded

Local 17B did not maintain records indicating the dates the union received money. 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 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 17B's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

### 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 17B for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Failure to Report Termination of Organization

The CAP disclosed that Local 17B's sole employer closed its operations in December 2011. However, the LM-3 report filed for fiscal year ended December 31, 2011 did not indicate in Box 3(b) that it was a terminal report. Although Item 56 (Additional

Information) reported that the employer ceased production in December 2011, it did not report plans for the disposition of your organization's cash and other assets.

2. Disbursements to Officers

Local 17B did not include some reimbursements to officers totaling at least \$1,500 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 17B 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).

Local 17B must file a combined amended and terminal report for fiscal year ended December 31, 2011 to correct the deficient items discussed above. Both Box 3(a) and 3(b) of the LM-3 should be checked to indicate it is an amended as well as a terminal report. The report must provide in Item 56 an explanation for any difference between the ending cash reported in Item 25(B) and the funds currently remaining by providing a summary of all disbursements and receipts since the union was terminated. Additionally, provide the address of the person or organization which will retain the records and remaining assets of the union, along with the date when funds were disbursed to the person or organization.

I encourage you to complete, sign, and file the report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended/terminal Form LM-3 should be filed electronically no later than October 31, 2014 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union

officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 17B's officers and employees were not bonded for the minimum amount required at the time of the audit. However, due to the termination of Local 17B, OLMS will not take any further enforcement action regarding this issue

Other Issue

You were previously notified by Graphic Communications Conference/International Brotherhood of Teamsters to deliver all funds and property held by the terminated local to the Secretary-Treasurer of the International. During the CAP you stated that you would be remitting all remaining funds to the International. Therefore, you are asked to provide this office with proof of such payment by October 31, 2014.

If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Robert Lacey, Secretary Treasurer  
Graphic Communications Int'l Union/IBT Conf.  
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8<sup>th</sup> Floor  
Washington, DC 20036