



September 14, 2015

Mr. David Thompson, President
UFCW Local 342-C
2041 Harvey Road
New Richmond, OH 45157

Case Number: 350-6003677()
LM Number: 020273

Dear Mr. Thompson:

This office has recently completed an audit of UFCW Local 342-C 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 July 28, 2015, 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 342-C's 2013 records revealed the following recordkeeping violations:

1. Disbursements and General Reimbursed Expenses

Local 342-C did not retain adequate documentation for disbursements and reimbursed expenses incurred by union officers/employees/members totaling at least \$6,110.75. For

example, check 6830 for \$4,473.18 to ICWUC/UFCW on 5/20/13 for per capita tax, and check 6812 for \$126.42 to Nicholas Stone on 4/4/13 for office supplies.

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. Lost Wages/ Check Stubs

Local 342-C did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$14,382.71. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 342-C records the necessary information on check stubs for other fiscal years, but did not maintain the check stubs for the fiscal year being audited. Additionally, Article VII, Section C, Subsection 2 of Local 342-C's bylaws require the issuance of warrants for approval of disbursements, however, there were no warrants maintained for checks 6558 through 6576.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 342-C may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Failure to Record Receipts/ Failure to Maintain Checkoff Records and Deposit Tickets

Local 342-C did not record in its receipts records some employer dues checkoff checks totaling at least \$27,777.50. Only five monthly dues checkoff records were maintained for the reporting period. Checkoff records for the months of July, September, October, November, December, May and June were missing. Additionally, there were deposits of at least \$280.00 into the local's checking account that did not have supporting documentation. There were no deposit slips maintained in the union records for the audit period. 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.

4. Receipt Dates not Recorded

Entries in Local 342-C's financial reports reflect deposits made during the month, but not the date money was received. 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.

5. Lack of Salary Authorization and Meeting Minutes

Local 342-C did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Local 342-C provided meeting minutes that confirmed membership approval to maintain current salary levels for officers, but the minutes did not specify the salary amounts. Furthermore, the local was unable to locate minutes for part of the year being audited. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 342-C 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 Report (Form LM-3) filed by Local 342-C for the fiscal year ended June 30, 2013, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 342-C did not include some reimbursements to officers totaling at least \$3,137 in the amounts reported Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 342-C 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).

2. Savings Account Reported As Investments

Local 342-C improperly included the value of a savings account as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a savings account to be cash.

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 342-C's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

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 342-C amended its constitution and bylaws in 2000, but did not file a copy with its LM report for that year.

Local 342-C has now filed a copy of its constitution and bylaws.

I am not requiring that Local 342-C file an amended LM report for 2013 to correct the deficient items, but Local 342-C has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to UFCW Local 342-C 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