



July 26, 2016

Mr. James Finley, Treasurer
UFCW Local 419-C
P.O. Box 328
Mogadore, OH 44260

Case Number: 350-6006443 [REDACTED]
LM Number: 014539

Dear Mr. Finley:

This office has recently completed an audit of UFCW Local 419-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 12, 2016, 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 419-C's 2014-2015 records revealed the following recordkeeping violations:

1. General Disbursements and Expenses

UFCW Local 419-C did not retain the voucher for check [REDACTED] dated April 1, 2015 for \$127.10, which was made out to Local 419-C Treasurer Philip Cox for his monthly officer allowance, along with postage expenses reimbursement.

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. Information Not Recorded in Meeting Minutes

During the audit, it was revealed that during the fiscal year the union made various donations to charities and sent bereavement flowers and/or bequests to several Local 419-C members. However, the union's meeting minutes do not contain any references to those items. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 419-C will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

1. Disbursements to Officers

Local 419-C did not include some disbursements and/or reimbursements to officers totaling at least \$11,126.39 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 419-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).

I am not requiring that Local 419-C file an amended LM report for 2015 to correct the deficient items, but Local 419-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 419-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,

A black rectangular redaction box covering the signature of the sender.

Senior Investigator

cc: Mr. Gary Sheets, President