



January 3, 2006

Mr. Anthony Hochstein, President
Glass, Molders, Pottery, Plastics & Allied Workers Local 125B
1909 W. Forest Home Ave.
Milwaukee, WI 53204

Dear Mr. Hochstein:

This office has recently completed an audit of GMP Local 125B under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), by your organization. As discussed during the exit interview with you and Financial Secretary Frederick Nault on December 14, 2005, 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.

Reporting Violation

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 125B amended its bylaws in 2001, but a copy of the bylaws was not filed with Local 125B's LM-3 report for that year. Two copies of Local 125B's bylaws have now been filed.

During the exit interview I also informed you that door prizes won by officers, committeepersons, or the Milwaukee County Labor Council (MCLC) delegate must be reported as payments to them on the Local 125B LM-3 Report. You stated that such winnings have not been reported in this fashion on previously filed LM reports for Local 125B, but you will begin to report such winnings as payments in item 24 of the LM report for officers or on line 46 of the LM report for the committeepersons and MCLC delegate. During the audit year the following officers, committeepersons, and MCLC delegate won door prizes: Frederick Nault - \$40 plus a \$50 Pick N' Save for a total of \$90, Anthony Hochstein - \$80.00, Hector Rodriguez - \$80, Al Green - \$70, Scott Schober - \$70, Kiki Rivera - \$50, Rob Sanderson - \$40, Tony Duncan - \$30, Joe Thompson - \$20, and Keith Labecki - \$20.

Elections of Officers Violation

The CAP also disclosed a violation of LMRDA section 401(b) which requires that local unions conduct an election at least once every three years. Article 5, section 2 of the Local 125B bylaws provides that "Nomination of local union officers shall be held openly on the meeting floor at the regularly scheduled September meeting, triennially. The nominations, notification and election of officers must be so arranged that the election of officers takes place the day of the regular

October meeting." However, during the Organizational Interview you informed me that the union forgot that the election should have been conducted in October 2004, and was not conducted until January 2005. As discussed during the exit interview, you will develop a system that will remind you when the time for the next election is approaching so that this problem does not recur.

Other Issues

Section 206 of the LMRDA requires that "every person required to file any report under this title shall maintain records on the matters required to be reported which will provide in sufficient detail the necessary basic information and data from which the documents filed with the Secretary may be verified, explained or clarified, and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts, and applicable resolutions, and shall keep such records available for examination for a period of not less than five years after the filing of the documents based on the information which they contain." This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services. As discussed during the exit interview, we strongly recommend that Local 125B keep minutes of executive board meetings because authorization for disbursement of union funds is frequently discussed during the meetings. If there is no other documentation for a particular disbursement that satisfies the requirement of Section 206, maintenance of minutes of the executive board discussion of the disbursement may suffice.

The audit revealed that it appears Local 125B does not properly follow state and federal income tax reporting requirements concerning the monthly payments to officers. While Local 125B itself may be exempt from income taxes, payments made by Local 125B to officers and employees are not exempt, except in certain circumstances, and Local 125B may therefore also be liable for the payment of employment taxes. I suggested that you contact the GMP International Union for guidance in this. You may also want to contact the Wisconsin Department of Revenue in Madison at (608) 266-2776 (ask for the publication "Wisconsin Employer's Withholding Tax Guide"), and the Internal Revenue Service for further information.

I want to extend my personal appreciation to you and Mr. Nault for your cooperation and courtesy during the compliance audit. If we can be of any assistance to you in the future, please do not hesitate to call.

Sincerely



Investigator

cc:

LM: 021-850