

**U.S. Department of Labor**  
Employment Standards Administration

**Office of Labor-Management Standards**  
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December 21, 2004

Carmella Marinaccio  
Office Manager  
Niagara Plant Employees  
PACE, LU 1-5025  
110 24<sup>th</sup> Street  
Niagara Falls, NY 14303

Dear Ms. Marinaccio:

This Office has recently completed an audit of PACE, LU 1-5025 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you, President Marty Freeburg, Secretary Treasurer Lynn Siegfried, and Investigator **700** on December 15, 2004 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation 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.

The CAP revealed the following record keeping violations by your union for the fiscal year April 30, 2004 records:

- The CAP disclosed that LU 1-5025 properly maintained the majority of documentation necessary to verify its financial activities as required by the LMRDA section 206. However, sufficient documentation was not maintained in support of all disbursements. Specifically, some receipts for purchases made by your organization's mastercard credit card were not fully maintained; also, meeting minutes were missing on one occasion for a special council meeting held in December 2003.

I advised you to make sure that accurate records are obtained, recorded and retained prior to authorizing the disbursement for effective internal controls. I further advised that the

executive allowance be separated from other payments to officers (such as lost time and/or reimbursement) to be keep better track of this record.

- Disbursement to your officers were not properly recorded on your annual LM-3. Salaries and lost time should be entered under the gross salary column in Item 24; executive allowances and reimbursements should be entered under the allowance and other disbursements column in Item 24.

It will be necessary for Local 1-5025 to file amended LM-3 reports for fiscal year April 30, 2004 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than **January 21, 2005**. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.


- Your union did not timely file its latest constitution and by laws with its LM-3 report for the year the bylaws changed, in violation of the of the LMRDA, section 201(a). However, a copy of your current bylaws were provided to OLMS.
- The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 1-5025's officers and employees are currently bonded for \$5,000, but they must be bonded for at least \$6104. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office by **January 21, 2005** to show that adequate coverage has been obtained.

I further recommend that all vouchers be carefully reviewed to ensure that the signature of the claimant is present, and that two officers review and sign the voucher before authorizing the disbursement.

Furthermore, make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours, Mr. Freeburg's and Ms. Siegfried's successors at whatever time you may leave office.

I want to thank you, Mr. Freeburg and Ms. Siegfried for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,



Investigator

cc: President Freeburg/enclosures