

**U.S. Department of Labor**

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May 18, 2007

Mr. David Anderson, Financial Secretary  
Electrical Workers UE Ind Local 203  
416 Pine Street  
Burlington, VT 05401-4778

LM File Number: 542-774  
Case Number:

Dear Mr. Anderson:

This office has recently completed an audit of UE Local 203 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 Investigator [REDACTED] and you on May 9, 2007, 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 203's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 203 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by various union members while traveling for UE conferences and conventions, as well as for miscellaneous union-related purchases. For example, hotel bills were not retained for the Chicago City Center Hotel for the UE National Convention or the Holiday Inn Taunton for the UE Regional Conference.

As previously 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. Failure to Record Receipts

Local 203 did not record in its receipts records some employer dues checkoff checks totaling at least \$1,633.14. For example, Local 203 received a November 2005 dues checkoff check for \$1,658.14, which the union lost and was later voided by City Market. There was no notation of this check in the union's receipts records. Local 203 then received a replacement dues checkoff check for \$1,633.14, which was not recorded in any of the union's receipts records. 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.

3. Failure to Maintain Receipt Records

Local 203 did not maintain many of its employer dues checkoff reports, dues checkoff check stubs, and bank deposit slips from the audit year. Review of records from the local's prior fiscal year disclosed that the union failed to maintain several bank statements, in addition to the afore mentioned records. The union is responsible for maintaining all bank records, as well as other receipt records, for a minimum of five years.

4. Receipt Dates not Recorded

Entries in Local 203's receipts journal and receipts book reflect the date the union deposited money, 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. Failure to Maintain Voided Checks

Local 203 did not maintain its voided or unused checks during the audit year. Voided and blank checks are considered a financial record and, therefore, the union must retain these checks.

6. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorizes and approves all of the local's large disbursements. However, Local 203 maintained no minutes of any union meetings during the audit year. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 203 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Sporadic Dues Deposits

The audit revealed that Local 203 receives its dues checkoff checks from City Market on a monthly basis; however, the local makes bank deposits quite sporadically. For example, the August, September, October, and December 2005 dues checks were deposited in the bank in January 2006. The November 2005 replacement check and February, March, April, and May 2006 dues checks were deposited in July 2006. OLMS recommend that dues checks are immediately deposited in the bank upon receipt, as waiting several months to make the deposit may lead to mismanagement or misuse of union funds. This potential consequence was evidenced in the fact that Local 203 lost the November 2005 dues check and had to obtain a replacement check from City Market and incur a \$25.00 replacement fee.

I want to extend my personal appreciation to UE Local 203 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,

Mark Letizi  
District Director

cc: Mr. Andrew Malcovsky, Vice President