



January 27, 2012

Mr. William DeFalco, Financial Secretary/Recording Secretary
Electrical Workers IBEW, Local 1047
[REDACTED]

Case Number: [REDACTED]
LM Number: 022135

Dear Mr. DeFalco:

This office has recently completed an audit of Electrical Workers IBEW, Local 1047 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 on January 13, 2012, 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 1047's 2011 records revealed the following recordkeeping violations:

1. Meal Expense

Local 1047 did not include a written explanation of union business conducted or the names and titles of the persons incurring the restaurant charge of at least \$71.71 at BW3's on December 22, 2011.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Failure to Record Receipt

Local 1047 did not record in its receipts records an employer dues checkoff check received on December 29, 2011 from Grand Truck totaling at least \$46.15. 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.

Based on your assurance that Local 1047 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 1047 for fiscal year ending December 31, 2011, was deficient in that:

Disbursements to Officers

Local 1047 did not include some reimbursements to Local Chairman Thomas Szuch totaling at least \$229.16 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 1047 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 1047 file an amended LM report for 2011 to correct the deficient items, but Local 1047 has agreed to properly report the deficient items on all future reports it files with OLMS.

Mr. William DeFalco

March 6, 2012

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I want to extend my personal appreciation to Electrical Workers IBEW, Local 1047 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. William Leganik, President