

**U.S. Department of Labor**

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September 24, 2008

Ms. Victoria Viatonis, Treasurer  
Painters, AFL-CIO  
Glaziers & Glassworkers  
Local Union 677  
39 Saginaw Drive  
Rochester, NY 14623

LM File Number: 041-699

Case Number: [REDACTED]

Dear Ms. Viatonis:

This office has recently completed an audit of Glaziers & Glassworkers, Local Union 677 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 and Joseph Grymin, CPA, on September 11, 2008, 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 Glaziers & Glassworkers Local 677's records for fiscal year ending December 31, 2007 revealed the following recordkeeping violations:

1. General Disbursements

Local 677 did not retain adequate documentation for some disbursements totaling at least \$251. For example, there was no receipt for Amico's Pizza for \$150 and no invoice retained for flowers purchased through "TLF by Stella" totaling \$86.29.

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. Meal Expenses

Local 677 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$214. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Union records of meal expenses must include not only the itemized receipt but also written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

Based on your assurance that Local 677 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 Glaziers & Glassworkers Local 677 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Disbursements to Officers

Local 677 did not report the total amounts of payments to officers or payments made to them on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

Local 677 did not include payments to officers totaling at least \$10,745. The union failed to report indirect wages to Treasurer Victoria Vaitonis in the amount of \$10,095 in Column D on Item 24. In addition, all per diem and meals were not listed next to the officer's name who incurred the disbursement.

The union must report most direct disbursements to Local 677 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).

2. Failure to Report Receipts and Disbursements (Netting)

The union failed to report all cash receipts received during the period and alternately, all cash disbursements when money was actually paid out, on Statement B of the LM-3 report. Since all cash flowing in and out of the union must be reported, "netting" is not permitted. Netting is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or

disbursement. Therefore, any monies received or disbursed even on behalf of another entity must be reported as such on the LM-3 report.

The total receipts listed in Item 44 (Total Receipts) and the total disbursements reported in Item 55 (Total Disbursements) are reported incorrectly based on the monies received and disbursed on behalf of Painters District Council 4.

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

4. Failure to Report Contributions, Gifts, & Grants

Local 667 failed to report any contributions disbursed during the reporting period in Item 51 (Contributions, Gifts, & Grants). The audit revealed that during the reporting period, the union made several donations and/or contributions totaling at least \$1,553 that should have been reported in Item 51.

5. Market Recovery Funds

The union erroneously reported disbursements made as part of job targeting in Item 48 (Office and Administrative Expense). The union disbursed \$47,322 in market recovery funds to several different contractors. These disbursements should be reported in Item 54 (Other Disbursements).

Local 677 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 24, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to you for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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,



Investigator

cc: Joseph Grymin, CPA  
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