

**U.S. Department of Labor**

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December 3, 2008

Mr. Dennis Beaulieu, President  
RWDSU/UFCW  
Local 513  
149 Mechanic Street  
Leominster, MA 01453

LM File Number 023-924  
Case Number: [REDACTED]

Dear Mr. Beaulieu:

This office has recently completed an audit of RWDSU Local 513 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 Secretary/Treasurer Gary Miner on December 1, 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.

The CAP disclosed recordkeeping and reporting violations.

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 513's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 513 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$2,525. For example, these expenses included: conference airline tickets, meals for negotiations, office and administrative expenses, bereavement gifts, and other gifts made by the local.

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. Meal Expenses

Local 513 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,300. 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.

Local 513 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, negotiations, conference and convention, and meals for union office employees were lacking itemized receipts. 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.

3. Other Receipts

Local 513 did not retain documentation for local receipts totaling \$25 during the audit period. These receipts were for scholarship fund donations received.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. 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.

4. Receipt Dates not Recorded

Entries in Local 513's receipts journal 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. Information not Recorded in Meeting Minutes

Article III, Section 8 of the Constitution of Local 513 Beverage and Vending Workers Union New England Joint Board Affiliated with Retail, Wholesale and Department Store Union United Food and Commercial Workers AFL-CIO requires that "any unusual expenses not considered ordinary running of the local and/or large donations, over five hundred dollars, must be approved by the membership." However, the minutes of the meeting do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 513 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 513 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Failure to Properly Categorize Disbursements

Local 513 did not correctly categorize at least \$13,000 in office and administrative payments in Item 48 (Office and Administrative Expenses) and \$3,000 in gift and bereavement expenses in Item 51 (Contributions, Gifts, and Grants). It appears as though the local erroneously reported these disbursements in Item 54 (Other Disbursements). The instructions for Item 48 state the total amount of ordinary office and administrative expenses, for example, rent, utilities, office supplies, etc. must be entered in Item 48. The instructions for Item 51 state the total for all contributions, gifts, and grants made by your organization during the fiscal year must be entered in Item 51.

2. Failure to Report Receipts and Disbursements

Local 513 under-reported receipts by \$799 and under-reported disbursements by \$800 on their LM Report. Statement B instructions require receipts to be recorded when money is actually received by the labor organization and disbursements to be recorded when money is actually paid out by the labor organization.

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 513 amended its constitution and bylaws in 2001, but did not file a copy with its LM report for that year.

Local 513 has now filed a copy of its constitution and bylaws.

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I am not requiring that Local 513 file an amended LM report for 2007 to correct the deficient items, but Local 513 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to RWDSU Local 513 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: Gary Miner, Secretary/Treasurer