



August 14, 2015

Mr. Charles Peterson, Treasurer  
IBEW Local 1507  
P.O. Box 324  
Hudson, OH 44236

Case Number: 350-6003427  
LM Number: 062578

Dear Mr. Peterson:

This office has recently completed an audit of IBEW Local 1507 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, President Wann, and International Representative David Morgan on August 7, 2015, 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 1507's 2014 records revealed the following recordkeeping violations:

1. Meal Expenses

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 1507 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, during a one month period, four meals were paid for using the union credit card. The names of the individuals present and the union purpose of the expense was not recorded in the union records. 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. Credit Card Statements

Local 1507 did not retain adequate documentation for credit card expenses for the months of November 2013 and February 2014. No credit card statements were maintained for these months while the surrounding available statements reflected that credit card activity occurred during these two months.

As 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.

Based on your assurance that Local 1507 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 1507 for a fiscal past year was deficient in that:

#### 1. 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 1507 created bylaws long ago, but did not file a copy with its LM report for that year.

Local 1507 has now filed a copy of its constitution and bylaws.

## 2. Delinquent LM-3 Report

The Form LM 3 is required to be filed with OLMS within 90 days from the end of a labor organization's fiscal year. IBEW Local 1507 has a fiscal year that ends on March 31 of each year. As a result, the LM 3 report for fiscal year ending March 31, 2015 was due no later than June 29, 2015. No report has been filed to date, and it is therefore delinquent.

As Local 1507 has now filed your Bylaws and agreed to expeditiously file the delinquent report, no further action will be taken at this time.

### Other Issues

#### Signing Blank Checks

During the audit, you advised that you sign blank checks and give them to President Wann for the purpose of paying for the union storage locker. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. Additionally, Local 1507 had a past practice of paying certain bills by debiting the checking account. For example, the American Express and phone bills were paid during a portion of the audit year by debiting the account. Such an arrangement also negates the two signature requirement and weakens internal financial controls. It is noted that the local has since eliminated the phone bill and the credit card. However, OLMS recommends that Local 1507 review these check procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 1507 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,

Brian A. Pifer  
District Director

cc: Mr. James Wann, President  
Mr. David Morgan, International Representative, Fourth District