

U.S. Department of Labor

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August 6, 2008

Frank DeCook, President
Electrical Workers, IBEW, AFL-CIO
Local Union 840
1401 Route 5 & 20
Geneva, NY 14456

LM File Number: 543-301

Case Number: [REDACTED]

Dear Mr DeCook:

This office has recently completed an audit of the IBEW Local 840 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, Business Manager/Financial Secretary Clark Culver, Office Manager Phyllis Wagner, and Organizer Mike Davis on July 25, 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 Violation

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 840's 2007 records revealed the following recordkeeping violation:

Meal Expenses

Local 840 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$570. 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 840 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. Credit card receipts by themselves are not adequate documentation of meal expenses. 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.

Based on your assurance that Local 840 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

The audit disclosed a violation of LNIRDA 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-2 filed by Local 840 for fiscal year ending December 31, 2007, was deficient in that:

General Reporting Errors

The local failed to report interest earned in 2006 on their LM-2 report for fiscal year ending December 31, 2006. The interest earned in 2006 (approximately \$4,900) was instead reported on the 2007 LM-2 report. This resulted in Local 840's cash on hand and in banks at the end of 2006 and at the beginning of 2007 being underreported on the respective LM-2 reports.

I am not requiring that Local 840 file an amended LM report for 2006 and 2007 to correct the deficient items, but Local 840 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 840 officers and employees were not bonded for the minimum amount required at the beginning of 2007. However, the union did obtain adequate bonding coverage during 2007 and provided evidence of this to OLMS. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Local 840, for their 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 be of any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Clark Culver, Business Manager/Financial Secretary
Scott Barra, Vice President
Mike Davis, Organizer/Recording Secretary