

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigator Office
900 Second Avenue South, Suite 450
Minneapolis, MN 55402-3386
Telephone: 612-370-3111 Fax: 612-370-3107



April 1, 2005

Joseph Crotty, President
Graphic Communications Local 29-C
411 Main St, Suite 301
St. Paul, MN 55102

Re: 2

Dear Mr. Crotty:

This office has recently completed an audit of Graphic Communications Local 29-C 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, as Amended (LMRDA). As discussed during the exit interview with you on March 28, 2005, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The audit revealed that during 2003 officers failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained.

As agreed, provided that Local 29-C maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

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Reporting Violations

As you know, in December 2004, our Office reviewed the Labor Organization Annual Report (Form LM-2) filed by Local 29-C for its fiscal year ending December 31, 2003 and identified numerous reporting problems that were identified on an error summary provided to you at that time.

The CAP disclosed an additional reporting violation in that Local 20-C failed to include at least \$2,800 of reimbursements to officers in the amounts reported in Schedule 9 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Schedules 15 (Other Expenses) and reported as "Conferences and Travel" and "Auditing Committee" expenses.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 9 and 10. However, indirect disbursements for business expenses incurred for transportation by a public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses). Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements).

Local 29-C filed an amended report on December 20, 2004 which corrected the errors identified on the error summary and the additional error concerning payments to officers.

Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. At the outset of the audit, Local 29-C's officers and employees were bonded for \$20,000, but they were required to be bonded for at least \$24,000. The union has since obtained adequate bonding coverage for its officers and employees.

I want to extend my personal appreciation to your and your entire staff for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

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