

U.S. Department of Labor

Employment Standards Administration
Office of Labor Management Standards
Kansas City Resident Investigator Office
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Kansas City, Missouri 64105-5143
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October 21, 2005

Joe Lowry, Secretary Treasurer
Graphic Communications (GCIU)
Local Union 16 - C
818 Grand, Suite 10
Kansas City, Missouri 64106

Dear Mr. Lowry:

This office has recently completed an audit of GCIU Local Union 16-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 (LMRDA). As discussed during the exit interview with you on October 13, 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.

The CAP disclosed:

1. The local amended its constitution and bylaws in 2002, but a copy was not filed with the local's LM-2 Report for 2002. Section 201 (a) of the LMRDA requires that unions submit a copy of their current constitution and bylaws with its LM Report when changes are made (other than changes of the rates of dues and fees). Since you submitted the local's latest constitution and bylaws during the CAP, no further action is warranted.
2. The local filed a deficient LM-2 Report for fiscal year ended May 31, 2004. The following errors were found during the CAP: (a) executive board members and officers are mislabeled as directors on Schedule 9; (b) depreciation is reported in Schedule 13 as an office and administration expense; (c) the local does not have transfer fees and work permits as is reported in Item 21; (d) Item 11 is answered "No" even though the local does participate in a trust (Death Benefit Fund); and (e) automobile allowance payments to the president and the secretary treasurer are reported in the gross salary amounts on Schedule 9 (D), automobile allowance payments should be reported on Schedule 9 (E). I am not requiring that Local 19-C file an amended LM-2 Report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

3. The local failed to maintain the backup documentation needed to verify credit card payments and vacation payments / usage. In addition, there is no inventory list maintained to substantiate the book value of the fixed assets (\$240) that is reported on the LM-2 Report. Section 206 of the LMRDA requires that adequate records must be maintained by which assets and disbursements can be verified, explained, and clarified. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but adequate documentation 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. As agreed, provided that Local 16-C maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 16-C's LM Report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. And Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM Report).


I strongly urge Local 16-C to adopt clear guidelines regarding vacation payments / usage, the type of expenses officers may charge on the union's credit card, and the kinds of out-of-pocket expenses officers and members may be reimbursed. Our office is certainly available to provide guidance to you regarding the requirements of the law, as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

Dennis L. Eckert
District Director

By:


Investigator

cc: David Phillips, GCIU Local Union 16-C President