

U.S. Department of Labor
Cleveland District Office

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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June 7, 2005

Tim Maloney, Financial Secretary
PACE Local 5-1467

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Re: [redacted]

Dear Mr. Maloney:

This office has recently completed an audit of Local 5-1467 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 May 26, 2005, the following problems were discussed 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.

In violation of Section 206 of the LMRDA, Local 5-1467 failed to maintain backup documentation for all disbursements. For example, no receipt was maintained for a \$200 disbursement to [redacted] for meeting supplies.

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.

As agreed, provided that Local 5-1467 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 5-1467 for fiscal year ending December 31, 2004 was deficient in the following areas:

The local failed to report in Item 43 \$441 received for the sale of tee-shirts.

The local failed to report in Item 54 \$2,438 in disbursements made to various companies such as [redacted] and [redacted].

- The local failed to report disbursements in Items 45-54. For example, the \$100 in disbursements for postage and supplies from Office Max should have been reported in Item 48, Office and Administrative Expense.

The local failed to report in Schedule 24 other disbursements in the amount of \$1,438.74 made to President Larry Dowty for reimbursements made to him for travel, postage, and supplies. The local also failed to report in Schedule 24 other disbursements made to ~~744~~ in the amount of \$82.78 for reimbursements made to him for travel and copies.

Please note that all direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in item 48 (Office and Administrative Expenses).

An amended LM-3 report for Local 5-1467 has been filed with our office correcting the above referenced deficiencies.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Mr. Dowty's successors at whatever time you may leave office.

I want to thank Local 5-1467 and staff for their 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,

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Investigator