

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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December 20, 2005

Ron Hoch, Treasurer
Utility Workers Local 126
350 East Cuyahoga Falls Avenue
Akron, OH 44310-1152

Re

Dear Mr. Hoch:

This office has recently completed an audit of Local 126 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 7, 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.

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.

In violation of Section 206 of the LMRDA, Local 126 failed to maintain backup documentation for all disbursements. For example, backup documentation was not maintained for cash collected from the sale of picnic tickets. Backup documentation was not maintained for a \$2,386.92 disbursement to the Adams Mark Hotel in Columbus, Ohio. Backup documentation was not maintained for a \$1,392.48 disbursement to ACME. Backup documentation for numerous credit cards expenses was not maintained. Additionally, records were not maintained for a period of five years.

As agreed, provided that Local 126 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-2) filed by Local 126 for fiscal year ending December 31, 2004 was deficient in the following areas:

- The local incorrectly reported a disbursement of \$6,453 for the purchase of shirts in Schedule 10 (Disbursements to Employees), Column G (Other Disbursements).
- The local failed to report in Item 68 (Purchase of Investments and Fixed Assets) \$5,565 worth of Ohio Edison stock shares purchased with the dividends earned on the current stock.
- The names of some officers who held office during the year were not reported in Schedule 9 (All Officers and Disbursements to Officers) with the total amount of payments to or for them. The names of all persons who held office during the year must be reported in Schedule 9 regardless of whether or not they received any payments from the union.
- The local incorrectly reported cell phone expenses for officers Rick Zito, Mike Dolman, Nick Vitale, and Ron Hoch in Schedule 13 (Office and Administrative 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).

Item 13 (Acquire any goods or property in any manner other than by purchase or dispose of any goods or property in any manner other than by sale) should have been answered "Yes" instead of "No," because the union gave away shirts totaling \$6,453 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report with the identity of the recipient(s) or donor of such property. In addition, the union must retain records which adequately account for all property that is purchased, sold, and given away

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

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individuals or their predecessors during the preceding fiscal year. Local 126's officers and employees were bonded for \$50,000, but they should have been bonded for at least \$51,122.40. The union has since provided proof of adequate bonding coverage.

An amended LM-3 report for Local 126 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 provided are passed on to future officers.

I want to thank Local 126 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