



July 18, 2005

William Reik, President
PACE Local 07-0364
633 South Hawley Road, Suite 106 B
Milwaukee, WI 53214

Dear Mr. Reik:

This office has recently completed an audit of PACE Local 07-364 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 July 8, 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.

Recordkeeping 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 following recordkeeping violations were revealed during the audit of PACE Local 07-0364's 2004 records:

1. Union officers and employees failed to list the names of individuals present for meal expenses paid for by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded. As an example, Vice President Eugene Page was reimbursed for meal expenses of \$176.98 in March 2005, but documentation retained for these expenses do not identify the names of the individuals present.
2. Local 07-0364 failed to retain adequate documentation for some lost time payments to officers and members. For example, lost time vouchers were not retained for lost time payments to Treasurer

Steven Sobczak on 1/16/04 (\$183.56) and Chief Steward Robin Hensel on 10/5/04 (\$118.26). In addition, vouchers retained for other lost time payments do not identify the dates that the lost time was incurred or the union business conducted. Records which identify the date, number of hours lost, rate of pay, and a description of the union business conducted for all lost wages must be retained.

As agreed, provided that Local 07-0364 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 07-0364 for fiscal year ending December 31, 2004 was deficient in the following areas:

1. Item 20 (Maximum amount recoverable under your organization's fidelity bond...) was incorrectly reported as \$0. The maximum amount recoverable under your organization's surety bond was \$7,500 during 2004.
2. The audit revealed that payments to officers for dues reimbursements and lost time payments were incorrectly reported in Item 24 (All Officers and Disbursements to Officers) Column E. You advised that the payments to officers that are equivalent to the officer's union dues are intended to compensate them for the union work that they do and are not intended to be reimbursement to them for any specific expense. Such payments should be reported in Item 24 Column D (Gross Salary) with payments for lost time and other salary.
3. The names of some officers who held office during the year were not reported in Item 24 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 Item 24 regardless of whether or not they received any payments from the union. During the organizational interview at the beginning of the audit, you advised that Bob Kiska, Bill Smith, Steve Krue, Jim Brandon, and Mr. Hensel were officers during 2004, but those individuals are not identified in Item 24.
4. Reimbursed expense payments to Mr. Sobczak, Mr. Pagel, and yourself for office supplies, travel, and meeting expenses were not included in the total amounts reported in Item 24 Column E (Allowances and Other Disbursements).

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). Any payments to or on behalf of an officer for expenses that are not necessary for conducting union business (such as in-room movies) must be reported in Item 24, not Item 48.

I am not requiring that Local 07-0364 file an amended LM-3 report for fiscal year ending 12/31/04 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

Other Issues

1. During the exit interview, I advised you that authorization of the salary amounts paid to union officers could not be found in union records. Such authorization is an important matter which should be recorded in union records. I suggest that the union take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or by adding them to the union's "Local Policies." When the authorized salaries have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.
2. During the exit interview, I advised you that on days Mr. Pagel and Mr. Hensel worked more than eight hours at 4 on dates that they were also reimbursed for lost time. You stated that officers and employees are paid lost time based on their work schedule for that week, and that Local 07-0364 will reimburse members for all lost overtime except for hours lost on a weekend. I suggest that Local 07-0364 takes steps to record the union's lost time policy in the union's records. I would appreciate it if you would forward a copy of the record documenting the lost time policy to me at the above address at whatever time the policy might be addressed.

I want to extend my personal appreciation you and Mr. Sobczak's 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

cc: Steven Sobczak, treasurer

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