

U.S. Department of Labor

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Office of Labor-Management Standards
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April 23, 2009

Mrs. Amelia Tucker, President
Retail, Wholesale and Department Store Union, AFL-CIO
Chicago Joint Board
37 South Ashland Ave.
Chicago, IL 60607

LM File Number 040-245

Case Number: [REDACTED]

Dear Mrs. Tucker:

This office has recently completed an audit of Chicago Joint Board 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 Errol Staine and yourself on April 16, 2009, 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 recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records 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, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of the Chicago Joint Board records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

The Chicago Joint Board did not maintain a receipts journal to reflect the date money was received by the union but did maintain records to reflect when the money was deposited. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Undocumented Dues Rates

The Chicago Joint Board did not maintain records to verify the dues rate being levied on the members. As we discussed, the Chicago Joint Board's constitution states that the dues rate be no less than two hours wages per month. You acknowledged that some members are paying less than the minimum rate. The union did not maintain a master document of dues rates by bargaining unit or job classification which verified that members were being charged the appropriate dues rates. Therefore, OLMS could not verify members were being charged the appropriate dues rate.

3. General Expenses

The Chicago Joint Board did not retain adequate documentation for disbursements made by the union totaling at least \$4,121. For example, \$2,150 was paid to The Devine Connection but no bill, receipt, or invoice for services was found in the union's records.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and secretary treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

4. Meal Expenses

The Chicago Joint Board officers did not submit sufficient documentation related to meal expenses throughout the audit period. Specifically, the union's records for meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, Vice President George Leonard submitted several itemized restaurant receipts with names written on the back of the receipt. Neither the attendees' title nor the union business conducted was included. Additionally, the union maintained numerous restaurant and grocery receipts with the notations, "Negotiations," "Meeting Expenses" or "Organizing Expenses." No further documentation or authorization was recorded for these expenses.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who benefited from the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. This documentation is necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

5. Lost Wages

The Chicago Joint Board did not retain adequate documentation for lost wage reimbursement payments to several union officers and members totaling approximately \$11,000. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that the Chicago Joint Board often neglected to

document the date that wages were lost. Also, the officers did not adequately detail the union business conducted when the wages were lost.

During the exit interview, I provided a sample of an expense voucher the Chicago Joint Board may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

6. Lack of Salary and Expense Authorization

The Chicago Joint Board did not maintain records to verify that your salary, benefits, and expenses reported in Schedules 11 (All Officers and Disbursements to Officers) of the LM-2 were authorized and therefore were correctly reported. Compensation you received during the audit period included but may not be limited to salary, payments for dental and health insurance premiums, auto insurance, use of a union vehicle, a union credit card and a BP gas card. Authorization of these payments and benefits could not be identified in union's meeting minutes or constitutions and bylaws. The union must keep a record, such as meeting minutes, to show the current salary and benefits authorized by the entity or individual in the union with the authority to establish salaries, benefit payments, and expenses.

Based on your assurance that the Chicago Joint Board will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. For the last several years, the Chicago Joint Board has filed the Labor Organization Annual Reports (Form LM-2 for its self and Form LM-4 for its affiliate locals) which were deficient in the following areas:

1. Loans

The audit revealed that the Chicago Joint Board has historically listed outstanding loans in Schedule 2, Loans Receivable, which it attributes to the affiliate Retail, Wholesale and Department Store Union (RWDSU) Locals # 15, 20, 200, 239 [recently terminated], 291, 317 and 853. During discussions with you and the union's

accountant, you indicated that loans attributed to affiliate local unions reflect gift cards distributed at membership meetings and payments made on behalf of the locals for bonding coverage premiums. Repayments of the loans reflect an undocumented historical practice of rebating funds to the locals based on membership totals per month. As the disbursements made to the affiliate members (gift cards) or on behalf of the affiliate (fidelity bond premiums) will never be repaid to the Chicago Joint Board, these transactions do not qualify as loans and should be reported as general overhead disbursements on the LM-2 report.

Additionally, a loan totaling \$591 is being reported on the LM-2 for an "Unidentified Individual." You reported that the union does not know the identity of the loan recipient and that the loan was approved by an officer over a decade ago. As the Chicago Joint Board has no expectation of ever receiving reimbursement for this loan, you advised that the executive board should motion and vote at a meeting to write off the loan. The LM-2 during which fiscal year the motion was approved should then be adjusted accordingly.

2. Liabilities Reported by Affiliates

The deficient items detailed above also affect the financial reports of affiliate RWDSU Locals # 15, 20, 200, 239, 291, 317 and 853. The Chicago Joint Board officers are also officers of these locals and are filing LM-4 reports for these entities. The LM-4 reports for these affiliate locals are reporting liabilities on their LM-4 financial reports which mirror the loans attributed to them on the Chicago Joint Board LM-2 report.

The Chicago Joint Board affiliates, RWDSU Locals # 15, 20, 200, 291, 317 and 853 must file amended financial reports with the this office for the most recently completed fiscal year ended December 31, 2008, to correct the deficient items discussed above. As discussed during the exit interview, please carefully review the LM-3 instructions for Statement B, Receipts and Disbursements, to ensure you are filing properly on behalf of the locals. Page 12 of the instructions details how to report receipts and disbursements made by an intermediate body on behalf of affiliate organizations.

To summarize, the Chicago Joint Board and the RWDSU affiliate locals # 15, 20, 200, 291, 317 and 853 must file amended reports to correct the issues outlined above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 for fiscal year 2008 must

be electronically filed as soon as possible, but not later than May 18, 2009. The reports for the RWDSU locals may be filed electronically or manually. Likewise, these reports should be filed as soon as possible, but not later than May 18, 2009. Manually completed reports should be submitted to this office at the above address. Before filing, review the reports thoroughly to be sure they are complete and accurate, and properly signed with electronic signatures (required for LM-2 reports) or original signatures (accepted for LM-3 or LM-4 reports).

Other Issues or Violations

1. Union Automobile

As I discussed during the exit interview, the audit revealed that the union purchased a 2003 Ford Windstar which is being reported as one of the union's assets. However, the title to this vehicle lists "Amelia Tucker" as the owner. OLMS strongly recommends against this practice and suggests that union assets be held in the name of the union.

2. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that the Chicago Joint Board's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

2. Illegal Loan

The audit revealed a violation of LMRDA Section 503 (a) (Loans) which prohibits labor organizations from making direct or indirect loans in excess of \$2,000 to any officer or employee. The Chicago Joint Board did not maintain adequate documentation to verify, clarify and explain an indirect loan arrangement between the union and former employee [REDACTED]. Further investigation revealed the union paid \$9,590 in insurance premiums from 2003-2006 on behalf of [REDACTED]. The union violated

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Section 503 (a) of the LMRDA in 2005 and 2006 when [REDACTED] was indebted to the Chicago Joint Board for over \$2,000.

The loan has been repaid in full. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to the Chicago Joint Board for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]

Investigator

cc: Errol Staine, Secretary Treasurer