

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Grand Rapids Resident Investigative
Office
800 Monroe Avenue NW
Room 211
Grand Rapids, MI 49503
(616)456-2335 Fax: (616)726-6311



November 17, 2009

Mr. Jason Walker, President
Retail Wholesale, DC, UFCW
Local 530
P.O. Box 74
Fremont, MI 49412

LM File Number 026181
Case Number: [REDACTED]

Dear Mr. Walker:

This office has recently completed an audit of United Food Workers Union, Local 530 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 Johnny Stalsberg, Joyce McDonald and you on June 17, 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.

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. The Labor Organization Annual Report (Form LM-2) filed by Local 530 for the fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 530 reimburses Gerber Products Company on a monthly basis for compensation paid by the company when an officer was on official union business. The amounts of reimbursement which are attributable to an officer must be reported in Schedule 11 - All Officers and Disbursements to Officers. Local 530

erroneously reported these lost time payments to all officers in Schedules 15-19 in Item 5, "All Other Disbursements. Local 530 reimbursed Gerber Products Company \$24,251.61 during the audit year. The amounts reimbursed on behalf of individual officers which were part of these payments must be attributed accordingly to that officer in Schedule 11. The union must report in Column (D) the gross salary, or wage, paid to or on behalf of, officers (before tax withholdings and other payroll deductions), including disbursements/reimbursements for "lost time" or time devoted to union activities. The union must report in Column (E) the total of all other direct and indirect disbursements to each officer other than salary, including allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for conducting official business of your organization.

A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Schedule 11 of the LM-2 for a discussion of certain direct disbursements to officers that do not have to be reported in this schedule. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 for room rent charges only) or for transportation by a public carrier (such as an airline) for an officer traveling on union business may be reported in Schedules 15-19 as appropriate.

2. Disbursements to Employees

Local 530 reported some disbursements, or lost time reimbursements to Gerber Products Company on behalf of employees, in Schedules 15-19 under "All Other Disbursements. Payments to your members for lost time, or the lost time reimbursements to Gerber Products, should be reported in Schedule 12, "Disbursements to Employees. The total of all disbursements reported here may be lumped in "Total Employee Disbursements" unless an employee is paid, or has reimbursements made on their behalf, in an aggregate amount over \$10,000 during the fiscal year. If this should occur the employee would be individually identified in Schedule 12, including any payments for allowances and expenses as required in the LM-2 instructions.

3. Other Receipts

Local 530 failed to report \$1,830 in receipts generated from an auction of live stock at a 4H Fair. In addition, the return of \$3,450 in rental deposits was netted against the rental income in Schedule 14 on the Detailed Summary Page. All income, or funds flowing into the union must be reported on the LM-2 report, and, since there were no receipts exceeding the \$5,000 threshold, the income may be reflected under "All Other Receipts" under Schedule 14 of the Detailed Summary Page.

Other Matters

The audit disclosed that during your most recent fiscal year changes were to your constitution or bylaws. Please be sure to submit a copy of these changes (e.g. your most recent Constitution/Bylaws when your annual report is required to be filed. Be sure to include your file number with all documents that you submit.

The receipts of your organization are currently below the \$250,000 threshold which requires the filing of an LM-2. When receipts of a labor organization are between \$10,000 and \$250,000 you may file the form LM-3. These matters were discussed during the exit interview.

I want to extend my personal appreciation to United Food Workers Union, Local 530 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,



Investigator