

**U.S. Department of Labor**

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June 11, 2007

Ms. Gloria Wozniak, Financial Secretary  
Service Employees  
LU 8 Firemen & Oilers  
5314 W. Ancient Oak Dr.  
Peoria, IL 61615

LM File Number 028-818

Case Number: [REDACTED]

Dear Ms. Wozniak:

This office has recently completed an audit of Firemen & Oilers Local 19 under the Compliance Audit Program (CAP) to determine Local 19's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). Since Local 19 terminated and merged with Local 8 in June 2006, you, as a Local 8 officer, were asked to represent Local 19 for the CAP. As discussed during the exit interview with you on June 1, 2007, 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 Local 19's 2005 records revealed the following recordkeeping violations:

#### General Expenses and Credit Card Expenses

Local 19 did not retain adequate documentation for general expenses and credit card expenses incurred by union officers totaling at least \$15,700.00. For example, on April 29, 2007 the union issued a check to Union People Products for \$14,747.75 for the purchase of 101 jackets and failed to retain an invoice. Also, Local 19 charged several hotel and fuel expenses to the union's credit card totaling at least \$1,000.00 and did not maintain invoices and/or receipts. During the exit interview, it was emphasized that receipts and/or invoices for all disbursements and credit card expenses must be maintained.

Since Local 19 has terminated, no further enforcement action will be taken at this time regarding the above violation.

#### 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-3) filed by Local 19 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets totaling more than \$14,000.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name.

The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Other Receipts

It appears that the figure of \$1,562 listed in Item 43 (Other Receipts) was erroneously reported as receipts. This figure represents the transfer of funds between the union's checking, social fund, PAC fund and certificate of deposit accounts. Transfers between separate bank accounts or between special funds of an organization do not represent the flow of cash in and out of an organization. Therefore, these transfers should not be reported as receipts and disbursements of an organization.

3. Cash Disbursements

Attorney fees appear to have been wrongly reported in item 48 (Office & Administrative Expense). Total disbursements for "outside" legal and other professional services should be reported in item 49 (Professional Fees).

4. Cash Reconciliation

It appears that the union's reported cash figures for the reporting period do not reconcile. Cash at the start of the reporting period (Item 25 (A)) plus total receipts (Item 44) minus total disbursements does not equal cash at the end of the reporting period (Item 25B). Since the union inaccurately reported the figure in item 43 (Other Receipts), the LM report does not reconcile.

I am not requiring that Local 19 file an amended LM report for 2005 to correct the deficient items, since the union has been terminated.

I want to extend my personal appreciation to Firemen & Oilers Local 8 for the cooperation and courtesy extended during this compliance audit. I strongly

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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: Thomas Pinkham, LU 8 President