

**U.S. Department of Labor**

Employment Standards Administration  
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June 3, 2009

Mr. Mark Douglas, President  
Food and Commercial Workers  
Local 1101  
6607 N. Peters Street  
Arabi, LA 70032

LM File Number 038-981

Case Number: [REDACTED]

Dear Mr. Douglas:

This office has recently completed an audit of Food and Commercial Workers Local 1101 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 and Donna Roy on May 29, 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 Local 1101's 2008 records revealed the following recordkeeping violations:

1. General Expenses

Local 1101 did not retain adequate documentation for 8 of the 242 checks written from the union's general checking account during the audit year totaling at least \$10,168.71. Local 1101 also did not retain adequate documentation for one of the two checks written from the lawyer fund checking account during the audit year totaling at least \$20,000. Additionally, Local 1101 did not record on its disbursement journal the two checks written from the lawyer fund checking account.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and 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.

2. Disposition of Property

Local 1101 did not maintain an inventory of t-shirts and bibles it purchased, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

3. Failure to Record Receipts

Local 1101 did not record in its receipts records some interest earned on checking accounts, savings accounts, and certificates of deposit totaling at least \$2,242.82. For example, the monthly interest earned on the strike fund savings account (\$68.94) and the lawyer fund checking account (\$62.04) is not shown in the union's records for each month. Also, the annual interest earned on the four certificates of deposit (4 CDs @ \$527.96= \$2,111.84) is not shown in the union's records. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 1101 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Reporting Violation

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) has not been filed by Local 1101 for fiscal year ending December 31, 2008, and is therefore delinquent.

#### Delinquent Reports

Local 1101 has been delinquent in filing Form LM-3 eight of the last ten years and is currently delinquent for the 2008 audit year ending December 31, 2008. The president and treasurer or the corresponding principal officers of the labor organization required to sign Form LM-3 are personally responsible for its filing and accuracy. Under the LMRDA, officers are subject to criminal penalties for willful failure to file a required report. The LM report is due to OLMS within 90 days after the end of the labor organization's fiscal year. For example, Local 1101's fiscal year ends on December 31<sup>st</sup> therefore, its LM report must be received by OLMS no later than March 30<sup>th</sup> to be considered timely filed.

Local 1101 must file their delinquent LM-3 for fiscal year ending December 31, 2008. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are also available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The delinquent Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than June 18, 2009. Before filing, review the report

thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issue

Fixed Asset Inventory

The audit revealed that Local 1101 does not maintain a fixed asset inventory. A fixed asset inventory should be maintained to identify each asset, the value of each asset and to document the purchase, sale, or distribution of each asset. OLMS recommends that unions establish and maintain a fixed asset inventory to adequately account for all property that is purchased, sold, or given away.

I want to extend my personal appreciation to Food and Commercial Workers Local 1101 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

cc: Donna Roy, Financial Secretary