



April 5, 2011

Mr. Marvin Harrington, President
UFCW Local 222
3038 South Lakeport Street
Sioux City, IA 51106

Case Number: [REDACTED]
LM Number: 068070

Dear Mr. Harrington:

This office has recently completed an audit of UFCW Local 222 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 Secretary Treasurer Carmen Hacht on March 25, 2011, no violations of the LMRDA were disclosed in areas of financial activity included in the CAP. This does not exhaust all possible problem areas, however, since the audit conducted was limited in scope and did not include all areas of your union's operation.

Other Issues

1. Bonus Payouts

During the audit you stated that the union officers are allowed to get paid for their unused vacation during the year. This amount is based on either one week's pay or 2% of the officer's W-2 from the preceding year, whichever is greater. This was documented in the local's meeting minutes. The officers also received a Christmas bonus during 2009. The Christmas bonus was paid out to you and former Secretary Treasurer [REDACTED] based on 2% of the previous W-2 because that figure was higher than their current weekly pay while other officers receive the bonus based on their current weekly pay. The meeting minutes showed approval for the bonus but did not reflect how the Christmas bonus was to be calculated. I recommend that Local 222 document the authorized bonus amount in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting).

2. Bonding

LMRDA Section 502 (Bonding) requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 222's officers and employees are currently bonded for \$147,000, per the 2009 LM-2 report. A review of the 2010 records show the union is required to be bonded for approximately \$153,000. You said the UFCW International handles the local's bonding coverage and is in the process of

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increasing the bond. You agreed to report the new bonding amount on the 2010 LM report and to provide our office a copy of the bonding certificate.

I want to extend my personal appreciation to UFCW Local 222 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,



Senior Investigator

cc: Mr. Jay Smith, Attorney