



March 26, 2012

Mr. Andrew Stallworth  
Retail Wholesale, DC, UFCW, Local 261  
1901 10<sup>th</sup> Ave South  
Birmingham, AL 35205

Case Number: [REDACTED]  
LM Number: 026350

Dear Mr. Stallworth:

This office has recently completed an audit of Retail Wholesale, DC, UFCW, Local 261 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, Secretary/Treasurer Joe Johnson, Past President [REDACTED] Retail Wholesale Joint Council 932 Vice President Randy Hadley, and Retail Wholesale Joint Council 932 Office Manager Angela Wilson on March 22, 2012, 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 261's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses and Credit Card Expenses

Local 261 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$676.50.00. For example, a payment on June 3, 2011 to former President [REDACTED] for union expenses for the Summer 2011 picnic in the amount of \$500.00 did not have an expense voucher or receipt present in the union files. In addition, a charge to the credit card to Walgreens Pharmacy by former President [REDACTED] on June 3, 2011 in the amount of \$145.00 did not have an invoice or receipt.

As 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. Information not Recorded in Meeting Minutes

During the audit, President Andrew Stallworth advised OLMS that the membership authorized trips to the Retail Wholesale Mid-South Convention in Montgomery, AL for former President [REDACTED] and Secretary/Treasurer Joe Johnson in June 2011, with payment to each for travel in the amount of \$330.00. The Local 261 By Laws, Page 18, require all expenses to be approved by the membership. The minutes of the meetings do not contain any reference to this issue. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Disposition of Property

Local 261 did not maintain an inventory of t-shirts it purchased, sold, 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 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.

The union must record in at least one record the date and recipient of each t-shirt given away.

4. Lost Wages

Local 261 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$464.53. 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 Local 261 maintained lost time vouchers; however, three of the vouchers did not identify the reason for lost time or nature of union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 261 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.

#### 5. Fixed Assets

Local 261 did not have a fixed asset list or inventory sheet that could be located for the audit year or any previous year. The union had fixed assets, including, but not limited to: a printer, laptop computer, and office furniture. The proper maintenance of union records is the responsibility of the president and treasurer (or corresponding principal officers) of your union who are required to sign your union's LM report.

#### 6. General Disbursements

Local 261 did not retain adequate documentation for disbursements totaling at least \$300.00. For example, check number [REDACTED], dated June 7, 2011, in the amount of \$300.00, payable to [REDACTED] did not have an invoice or receipt.

As 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.

Based on your assurance that Local 261 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 violations 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 261 for fiscal year ending December 31, 2010, was deficient in the following area:

##### Failure to File By Laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a Union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 261 amended its By Laws in 1990 but did not file a copy with its LM report for that year or any year since.

Local 261 has now filed a copy of its constitution and bylaws.

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I am not requiring that Local 261 file an amended LM report for 2010 to correct the deficient item, but Local 261 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Retail Wholesale, DC, UFCW, Local 261 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Mr. Joe Johnson, President  
Ms. Angela Wilson, RWDSU JC 932 Office Manager