

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
New York District Office  
201 Varick Street  
Room 878  
New York, NY 10014  
(646)264-3190 Fax: (646)264-3191



August 29, 2008

Mr. Eugene White, Treasurer  
International Chemical Workers Union/United Food and Commercial Workers Union,  
AFL-CIO  
Local 271 C  
50 South Minisink Avenue, Suite 3  
Parlin, New Jersey 08859

Re: Case Number:  
[REDACTED]

Dear Mr. White:

This office has recently completed an audit of Food and Commercial Workers Local 271 C 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 on August 8, 2008, 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 271 C's 2006 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 271 C did not enter in its books, the savings, strike fund and defense fund accounts interest (totaling \$136) accrued in the general ledger during the audit period. Union records must include an adequate identification of all money received by the union. The records should show the date, amount received and the source of the money.

2. Failure to maintain meeting minutes

Local 271 C did not maintain meeting minutes for the months between July 2005 and December 2005 during the audit period. Minutes of all membership and executive board meetings must be maintained to verify disbursement authorizations discussed in membership and executive board meetings.

Based on your assurance that Local 271 C will properly record all funds received by the union and maintain all meeting minutes in the future, OLMS will take no further enforcement action 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 271 C for fiscal year ending June 30, 2006, was deficient in the following areas:

1. Disbursements to Officers

Local 271 C failed to include in Item 24 (d) and (e) gross salary and other disbursements to listed officers, i.e., President Louis Carotuneto and Treasurer Eugene White and in Item 45 To Officers which totaled a net amount of at least \$6,000. In addition, the union did not enter any payroll deductions and

withholdings in Item 24 (10-Less Deductions) and in Item 54 Other Disbursements. According to Title II of the LMRDA and Form LM-3 Instructions, the union must report salary amounts and most direct disbursements to union officers and some indirect disbursements made on behalf of its officers in Item 24. The union must report most direct disbursements to Local 271 C officers and some indirect disbursements made on behalf of its officers in Item 24. 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 Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. 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) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 A and Item 25 B are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. The audit disclosed that the union's cash amount in Item 25A the start of reporting period was at least \$34,612 and in Item 25B the end of reporting period was at least \$37,564. These changes must be made in line items 25A and 25B on the LM-3 report to properly reflect the correct amounts.

3. Total Receipts (Form LM-3 Item. 44)

Local 271 C inaccurately reported the total amount of receipts in Form LM-3 during the audit period ending 06/30/06. The organization's LM-3 report, Item 44 Total Receipts reflected \$38,263. However, the audit disclosed that total receipts were at least \$41,362.

4. Total Disbursements

Local 271 C inaccurately reported the total amount of disbursements in Form LM-3 for fiscal year ending 06/30/06. The organization's LM-3 report, Item 55 Total Disbursements reflected \$24,377. However, the audit disclosed that the organization's total disbursements were approximately \$38,410.

Therefore, the union must amend its LM-3 report to accurately reflect total receipts and disbursements in fiscal year ending 06/30/06.

Local 271 C must file an amended Form LM-3 for fiscal year ending September 30, 2006 to correct the deficient items discussed above. I provided you with a blank forms and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). You committed to submit the amended Form LM-3 report to this office at the above address by August 29, 2008. As of that date, the report has not been received by OLMS-NYDO. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Food and Commercial Workers Local 271 C 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: Louis M. Carotuneto, President