

U.S. Department of Labor

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November 24, 2008

Ms. Jacqueline Crawford, President
Food & Commercial Workers (UFCW)
Local 515
3035 Directors Row, Bldg. B, Suite 1210B
Memphis, TN 38131

LM File Number 001-329
Case Number: [REDACTED]

Dear Ms. Crawford:

This office has recently completed an audit of UFCW Local 515 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 Treasurer Willie Mabon, Recording Secretary Freda Hurd, Claude Cole, and yourself on November 7, 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.

The CAP disclosed:

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 515's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 515 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by the president totaling at least \$759.55. For example, union failed to retain hotel and airline receipts purchased with the credit for contract negotiations in Jackson, TN and the national conference in Las Vegas, Nevada.

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. Meal Expenses

Local 515 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$344.92. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 515 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, meal charges on the union's credit card was for contract negotiations was missing a receipt. The meal receipts that were retained

included the purpose, but did not list the names of attendees. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Reimbursed Auto Expenses

Trustee Claude Cole and Vice President Doris Mabon who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1044.75 during 2007. Additionally, Cole inappropriately received mileage reimbursement totaling \$203.70. OLMS recommends that the Cole repay the reimbursement mileage totaling \$203.70 back to the union and that the union establish a policy of how mileage will be reimbursed for attendance to executive board meetings. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Failure to Record Receipts

Local 515 did not record in its receipts records interest from banks earned on the union's checking and savings account totaling at least \$34.81.

5. Lack of Salary Authorization

Local 515 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 515 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-2 filed by Local 515 for fiscal year ending December 31, 2007, was deficient in that:

Disbursements to Officers and Employees

Local 515 did not include payments to officers totaling at least \$1442.57 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

Local 515 must file an amended Form LM-2 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than **December 5, 2008**. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to UFCW Local 515 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.

Ms. Jacqueline Crawford
November 24, 2008
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Sincerely,



Investigator

cc: Willie Mabon, Treasurer