

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Kansas City Resident Investigative Office  
1100 Main Street  
Room 950  
Kansas City, MO 64105-5143  
(816)502-0290 Fax: (816)502-0288



January 3, 2007

Mr. Benjamin Emery, President  
United Food and Commercial Workers  
Local 74-D  
1101 Main Street  
Atchison, KS 66002

Re: Case Number: [REDACTED]

Dear Mr. Emery:

This office has recently completed an audit of United United Food and Commercial Workers Local 74-D 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 John Patton on December 26, 2006, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained 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. Local 74-D violated Section 206 in the following areas:

- The local did not maintain backup documents for some disbursements made by the local during the audit period. As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An

exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

- All vouchers submitted by union officers for lost wages do not identify the nature and date the union business was conducted that required lost wages be incurred. The lost wage claims must 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 information at hand did not establish that the record keeping violations were willfully committed, and since you have agreed to take steps to correct these deficiencies, no further enforcement action is contemplated at this time.

The CAP also 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 74-D for fiscal year ending December 31, 2006, was deficient in the following area:

- The local failed to correctly report in Item 24(E) direct or indirect disbursements to officers for expenses reimbursed directly to the officers. The president, secretary-treasurer, and recording secretary received reimbursement payments which were not reported under Item 24(E) as required. Such payments appear to have been erroneously reported in Item 48, Office & Administrative Expenses.

I am not requiring that Local 74-D file an amended LM report for 2006 to correct the deficient items, but as agreed, Local 74-D will properly report the deficient items on all future reports filed with this agency.

The audit disclosed the following other issue:

- The local's minutes were found to be lacking in specific authorization for some disbursements, including salary authorization. All financial matters should be taken before the membership with the subsequent action being recorded in the minutes. This includes salary authorization. A review of the minutes failed to show authorization for the salary of officers. During the audit, I advised you authorization for the salary amounts paid to union officers could not be found in union records. I recommend that Local 74-D document the authorized salary amounts in its bylaws or record them in meeting minutes or some other internal

Mr. Benjamin Emery  
February 22, 2007  
Page 3 of 3

document (following discussion in the appropriate membership and/or executive board meeting). When the authorized salary amounts have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

I want to extend my personal appreciation to Local 74-D for the cooperation and courtesy extended during this compliance audit. I 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: John Patton, Secretary-Treasurer