



September 16, 2011

Mr. Eric Kuehl, President  
Food & Commercial Workers Local 78-T  
4408 N Windingbrook Drive  
Appleton, WI 54913-7762

Case Number: |||||  
LM Number: 050243

Dear Mr. Kuehl:

This office has recently completed an audit of Food & Commercial Workers Local 78-T 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 Treasurer Kerry Knedle on August 12, 2011, 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 78-T's 2010 records revealed the following recordkeeping violations:

1. Receipt Dates Not Recorded

Local 78-T's only records of its receipts are those recorded in QuickBooks accounting software. However, receipt entries in QuickBooks (as shown in the deposit detail records) reflect the date money was deposited but not the date money was received. Receipts

records must show the date, amount, and source of all receipts. The date of receipt is required to be recorded in union records to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in reporting some receipts on the LM-3 for a different year than the year it actually received them.

2. Meeting Minutes

Local 78-T failed to retain any meeting minutes created during at least 2009 and 2010. During the audit, Treasurer Kerry Knedle advised OLMS that it is the policy of Local 78-T to have all disbursements approved at the monthly membership meetings. Ms. Knedle also advised that authorization and approval of all disbursements are recorded in the meeting minutes. Ms. Knedle advised that former Record Secretary ||| created the minutes, but the current officers have not been able to obtain them from her since taking office. Minutes of all membership or executive board meetings during which disbursement authorizations are made must be retained, as such records clarify, verify, and support information required to be reported on the LM-3 report.

3. Lack of Salary Authorization

Officers of Local 78-T received salaries between \$225 and \$310 per month during 2010. However, Local 78-T did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and were therefore correctly reported. Ms. Knedle stated that she believed the salary authorizations were recorded in the meeting minutes. However, as noted above, the meeting minutes are currently missing. Local 78-T must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual with the authority to establish salaries.

Based on your assurance that Local 78-T will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 78-T for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because Local 78-T gave away gift cards at its membership meeting and annual union party totaling more than \$500 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. Fidelity Bond

Local 78-T reported an incorrect bond amount in Item 20 (Fidelity Bond). The report indicates that Local 78-T is bonded for \$1,000,000. However, Local 78-T's bonding certificate confirms that your organization is bonding for \$100,000.

3. Officer Titles

Local 78-T did not correctly report the titles of some officers Item 24 (All Officers and Disbursements to Officers). Four out of the seven officers listed in Item 24 are identified as "VP." At least two of these officers were erroneously identified as a vice president. Robin Sommerfeld should have been listed as treasurer and Rick Forseth should have been listed as chief steward (a constitutional officer of Local 78-T).

I am not requiring that Local 78-T file an amended LM report for 2010 to correct the deficient items, but Local 78-T has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Food & Commercial Workers Local 78-T 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,

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Investigator

cc: Ms. Kerry Knedle, Treasurer