



October 13, 2011

Mrs. Beverly Alery, Secretary-Treasurer
Unite Here Local 64
911 E 5th Street, 1st Floor
Kansas City, MO 64106

Case Number: [REDACTED]
LM Number: 071074

Dear Mrs. Alery:

This office has recently completed an audit of Unite Here Local 64 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 President David Withers on October 6, 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 Violation

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 64's 2010 records revealed the following recordkeeping violation:

1. General Reimbursed and Credit Card Expenses

Local 64 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$5,000. For example, the local did not retain adequate documentation for several restaurant charges and office supplies charges

throughout the fiscal year. In addition, the local did not keep adequate records to support reimbursements to President David Withers prior to his being officially hired on staff by the local in June 2010.

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 64 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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-3) filed by Local 64 for the fiscal year ended December 31, 2010, was deficient in that:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 64'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.

Local 64 filed an amended Form LM-3 for the fiscal year ended December 31, 2010 during the compliance audit, correcting the deficient item discussed above.

Other Issue

1. Automobile Insurance Policy

As I discussed during the exit interview with Secretary-Treasurer Alery and President Withers, the audit revealed that Local 64 paid \$689.55 in excess automobile insurance charges for Alery. Alery explained that this was a mistake and stated that this will not happen again. Withers and members of Local 64's executive board stated that they did not fully understand the Local's automobile insurance policy. The audit revealed that the Local 64 does not have a clear policy regarding these expenses. Therefore, OLMS recommends that Local 64 adopts specific, written guidelines concerning this matter.

I want to extend my personal appreciation to Unite Here Local 64 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,

[REDACTED]

Investigator

cc: Mr. David Withers, President