

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 23, 2006

Mr. James Skonicki, Comptroller
UNITE HERE
Local 108
333 S. Ashland Ave.
Chicago, IL 60607

Re: Case Number:

Dear Mr. Skonicki:

This office has recently completed an audit of UNITE HERE Local 108 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 Mr. Rogers Williams and you on June 9, 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.

Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. Local 108 amended its constitution and bylaws in 2003, but a copy was not filed with its LM report for that year. A copy of Local 108's constitution and bylaws has now been filed; therefore no further enforcement action will be taken regarding this violation.

The CAP 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 on behalf of Local 108 for fiscal year ending December 31, 2004, was deficient in the following areas:

Disbursements for salaries, office expenses, professional fees, benefits, and per capita taxes were incorrectly reported in Item 54 (Other Disbursements). LM-3 instructions for Item 54 state that only those disbursements that are not reportable in Items 45 through 53 are categorized as "Other Disbursements" and are included in Item 54.

Item 11 (Participation in a trust) was incorrectly answered "No". The union participated in the administration of trusts which provide benefits for the members and their beneficiaries.

Item 16 (Officers receiving more than \$10,000 from another labor organization) was incorrectly answered "No". Rose Moore, President, participated in the local's health and welfare trust and pension trust. Moore received more than \$10,000 salary from the trusts in addition to receiving more than \$10,000 from the local union.

Item 19 (Number of members) and Item 23 (Rates of Dues) were left blank. All items on Form LM-2 must include accurate information about the union.

It was necessary for Local 108 to file an amended LM-3 report for fiscal year 2004 to correct the deficient items discussed above. I received an acceptable amended LM-3 report on June 19, 2006; therefore, no further enforcement action will be taken regarding this violation.

Recordkeeping Violations

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 5 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, 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.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 108's 2004 records revealed the following recordkeeping violation:

The Local did not maintain individual membership dues payment records.

As agreed, provided that Local 108 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

I want to extend my personal appreciation to UNITE HERE Local 108 for the cooperation and courtesy extended during this compliance audit. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator