U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
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March 23, 2007

Mr. Richard McCombs, President
Electrical Workers Local Union 261
18 Pleasant Street
Groton, CT 06340

LM File Number: 032-054
Case Number: [redacted]

Dear Mr. McCombs:

This office has recently completed an audit of Electrical Workers Local Union 261 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, Mr. Hollis, and Mr. Hedding on March 19, 2007, 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 a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports disclosing their financial condition and operations. The Labor Organization Annual Report (LM-3) for fiscal year ending December 31, 2005, was not filed by Electrical Workers Local Union 261.

Local 261 must file their LM-3 for fiscal year ending December 31, 2005 to correct the violation listed above. The LM-3 for fiscal year ending December 31, 2005 should be submitted to this office at the above address as soon as possible, but not later than April 11, 2007.

The audit disclosed the following other issues:

During the audit, I advised you that authorization for the expense salary of $150 a month to the president, and the expense salary of $50 to the Chairman of the Workers' Compensation Committee could not be found in union records. I recommend that Local 261 document the authorized expense salaries in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting). When the authorized

salary amounts have been recorded in the union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

Also during the audit, Mr. McCombs and Mr. Hollis advised that it is Local 261's practice for Mr. Hollis to sign all union checks using signature stamps for himself and for President McCombs on union checks. Mr. Hollis and Mr. McCombs indicated that no one but Mr. Hollis reviews the checks before they are issued. In accordance with the IBEW Basic Laws and Policies, Local 261 is required to have checks be signed by the president and treasurer. The second signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use by the primary signer of a signature stamp for the second signature does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. I recommend that Local 261 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Electrical Workers Local Union 261 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. John Hollis, Treasurer

Mr. Wayland Hedding, Financial Secretary