

**U.S. Department of Labor**

Employment Standards Administration  
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May 22, 2008

Mr. Sam Martinez, Business Manager/Financial Secretary  
Iron Workers Local 509  
13031 San Antonio Ave.  
Norwalk, CA 90651

LM File Number: 015-540  
Case Number: [REDACTED]

Dear Mr. Martinez:

This office has recently completed an audit of Iron Workers Local 509 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 Steve Goodman on May 22, 2008, 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 audit disclosed the following:

Recordingkeeping 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.

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 509's Fiscal Year 2007 records revealed the following recordkeeping violation:

Local 509 did not maintain adequate documentation for credit card expenses incurred by officers in the course of conducting union business. For example, there were no receipts for several expenses related to travel and dining.

As previously noted above, labor organizations must maintain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

#### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 509's officers and employees were bonded for \$50,000, but they should have been bonded for at least \$53,000.

On May 20, 2008, Local 509 provided proof of adequate bonding coverage in the amount of \$60,000 for their officers and employees.

I want to extend my personal appreciation to Iron Workers Local 509 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Steve Goodman