

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
New York District Office  
201 Varick Street  
Room 878  
New York, NY 10014  
(646)264-3190 Fax: (646)264-3191



April 3, 2008

Mr. Dominick Iquinto, President  
United Construction Trade & Industrial Employees Union  
Local Union 1130  
601 West 51st Street  
New York, NY 10019

LM File Number 541-374

Case Number: [REDACTED]

Dear Mr. Iquinto:

This office has recently completed an audit of UCTIE Local 1130 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 yourself and Mr. David Falda, union accountant on February 25, 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.

**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 UCTIE LU 1130 records revealed the following recordkeeping violations:

#### Bank Reconciliation Reports

The union's bank reconciliation reports for March, April, May and October 2006 were missing during the audit. The union's accountant reproduced these reports during the audit when requested.

As previously noted above, labor organizations must retain original receipts, bills, vouchers, and all other supporting documentation that would verify, explain or clarify, or to use in checking on the accuracy or completeness of reports required to be filed with the Secretary of Labor. 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 UCTIE LU 1130 will retain adequate records/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 1130 for fiscal year ending December 31, 2006, was deficient in the following areas:

##### 1. Loss/Shortage of Funds:

Item 15 [LM-3] (During the reporting period did your organization discover any loss or shortage of funds or other property?) inadvertently was not reported. An answer to Item #15 of "Yes" or "No" is required on Local 1130's LM report.

## 2. Cash Receipts

It appears that the total receipts figure reported in Item 44 on Local 1130's LM report for audit period (\$22,895) is not the total receipts figure according to the union's books and the bank statements (\$25,091.44). The instructions for Item 44 is the sum of all the local's cash receipts including but not limited to dues, per capita tax and any fees, fines and assessments. No explanation was provided by the union in regards to this deficiency.

## 3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its constitution and bylaws with the U.S. Department of Labor - OLMS. Local 1130 did not file a copy of its current constitution and bylaws. Local 1130 has provided OLMS with a copy of its constitution and bylaws during the compliance audit.

UCTIE Local 1130 is required to file an amended LM-3 report for fiscal year ending 2006 to correct the deficient items. UCTIE Local 1130 has agreed to file an amended report as soon as possible but not later than March 17, 2008. Amended LM-3 report was received by OLMS before the March 17<sup>th</sup>, 2008 deadline. OLMS will take no further enforcement action at this time regarding the above violations.

### Other Violations

The audit disclosed the following other violation(s):

#### **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 those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 1130 has a \$50,000 Commercial Crime Policy with a \$5,000 deductible. Deductibles fail to meet the bonding requirements of the LMRDA. Also, this policy's definition of "Employee" does not include independent contractors therefore this policy does not cover Local 1130's accountant who has access to the union president's signature stamp and writes checks for payroll taxes on behalf of the union. Local 1130 is required to obtain adequate bonding coverage

for its officers and employees and provide proof of coverage. Local 1130 has obtained adequate bonding coverage for its officers and employees and proof of this coverage has been provided this office on March 17<sup>th</sup> 2008 by the bond's insurer.

OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Issues

##### Use of Signature Stamp

During the audit, Mr. Iquinto advised that it is Local 1130's practice for Mr. Iquinto, union president, to sign all union checks and to have his accountant David Falda or his clerical employee Robert Gallowitz stamp his signature on union checks in his absence. President indicated that only Mr. Gallowitz or Mr. Falda review the checks issued by the union and stamp his signature on these checks in his absence. The use of a signature stamp for the primary signer does not attest to the authenticity of the completed check, and negates the purpose of the signature requirement. OLMS recommends that the signatory of UCTIE Local 1130 sign all checks issued by the union with an original signature to improve internal control of union funds.

I want to extend my personal appreciation to UCTIE Local 1130 for the cooperation and courtesy extended during this compliance audit to our investigators. We 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,

  
  
Supervisory Investigator