



March 25, 2011

Mr. John Kubica, President  
Roofers Local 65  
16601 Dakota St  
New Berlin, WI 53151

Case Number: [REDACTED]  
LM Number: 014577

Dear Mr. Kubica:

This office has recently completed an audit of Roofers Local 65 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 Assistant Administrator Cheryl Nowak and you on March 11, 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 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 Roofers Local 65's 2010 records revealed the following recordkeeping violations:

1. General Credit Card Expenses

Local 65 did not retain adequate documentation for credit card expenses incurred by Organizer Gerardo Ferreira and you totaling at least \$399.75. For example, you purchased meals at Chancery Restaurant in Milwaukee, WI on December 29, 2009 in the amount of \$35.05 and on January 7, 2010 in the amount of \$32.68 for which no itemized receipt was maintained. Additionally, Mr. Ferreira made purchases on five separate occasions at grocery stores, a liquor store, and a gas station totaling \$92.32 for which no itemized receipts were maintained. The union must maintain itemized receipts provided by establishments to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and secretary treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Receipt Dates Not Recorded

Entries in Local 65's computerized receipts journal reflect the date that receipts were entered into the journal, which was not always the date on which receipts were received by the union. According to Assistant Administrator Cheryl Nowak, the date of entry is automatically assigned to each receipt when it is entered into the database, and this date cannot be changed to reflect the actual date of a receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that receipts must be recorded when money is actually received, and disbursements must be recorded when money is actually paid out. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received.

Based on your assurance that Local 65 will retain adequate 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-2 filed by Local 65 for the fiscal years ended December 31, 2008 and December 31, 2009 were deficient in the following areas:

#### Failure to Report the Value of Other Assets

The audit revealed that Local 65 maintains an inventory of union hats and t-shirts, and Ms. Nowak advised that Local 65 has maintained similar inventories for many years, however, lines 28A (Other Assets start of the reporting period) and 28B (Other Assets end of the reporting period) of the 2008 and 2009 Form LM-2 filed for Local 65 report a value of zero. The value of other assets such as union hats and t-shirts purchased by the union for resale to members at the beginning and the end of each fiscal year are considered other assets for LM-2 reporting purposes and must be reported on lines 28A and 28B respectively

#### Failure to File Bylaws

The audit 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 it makes changes to its constitution or bylaws. Local 65 amended its constitution and bylaws in 1996, but did not file a copy with its LM report for that year.

Local 65 has now filed a copy of its constitution and bylaws.

#### Other Issues

#### Personal use of Credit Cards

The audit revealed that Organizer Gerardo Ferreira used his union credit card to pay for personal expenses on 14 occasions during the audit year totaling \$435.76. Although Mr. Ferreira promptly paid for all of the personal expenses he charged to the card through personal checks he issued directly to the credit card company, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Roofers Local 65 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,



Investigator