



June 17, 2014

Mr. Terry Hayden, President  
Wisconsin Pipe Trades Association  
[REDACTED]

Case Number: 320-6000552 [REDACTED]  
LM Number: 067887

Dear Mr. Hayden:

This office has recently completed an audit of Wisconsin Pipe Trades Association (WPTA) 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, Secretary Treasurer Steve Breitlow, Lead Organizer Tom Gasparetti and Office Manager Sue Macejkovic on June 11, 2014, 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 the WPTA's 2013 records revealed the following recordkeeping violations:

#### 1. Credit Card Expenses

The WPTA did not retain adequate documentation for credit card expenses incurred by officers and organizers totaling at least \$2,000. For example, the WPTA maintained only

photocopies of receipts for several meal expenses charged to the union credit card by you totaling over \$1,000. In other instances, the WPTA failed to retain any documentation for charges to the union credit card, such as approximately \$168 in lodging and meal expenses incurred by Mr. Sayles at the Madison Concourse Hotel.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Meal Expenses

Your organization did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$5,000, such as a \$58 meal expense at the Trysting Place charged to the union credit card by Secretary Treasurer Breitlow in October of 2013. Itemized receipts provided by restaurants to officers and employees must be retained. 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.

Records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

## 3. Lack of Salary Authorization

The WPTA did not maintain records to verify that the salaries reported in Schedule 12 (Disbursements to Employees) of the LM-2 were the authorized amounts and were therefore correctly reported.

During the organizational interview, Secretary Treasurer Breitlow advised that the organizers are paid in accordance with their local union's collective bargaining agreement. Lead Organizer Tom Gasparetti receives the general foreman's hourly pay rate based on 50 hours worked per week, and the remaining organizers receive the foreman's rate based on 45 hours worked per week. In addition, each of the organizers receives additional amounts as gross wages for certain employer contributions. As an example, each of the organizers received an additional amount, between \$0.19 and \$0.55 per hour (based on individual local contracts) in lieu of the WPTA disbursing contributions to the industry advancement fund on their behalf. There are other employer contributions that are added on to the organizers' gross wages in lieu of being paid as a benefit, but those payments vary among the organizers and the individual bargaining agreements. The WPTA currently maintains no written records that document the authorization to pay wages and benefits to and/or on behalf of the organization's organizers.

In the case of other officers and employees, authorized salary amounts for the president and secretary treasurer (the only officers who received compensation) were identified in the organization's constitution and bylaws and Office Manager's Sue Macejkovic's salary is outlined in a signed contractual agreement between Ms. Macejkovic and the union. With regard to the organizers, the WPTA must keep a record, such as meeting minutes, to show the current salaries authorized by the entity or individual(s) with the authority to establish salaries.

Based on your assurance that the WPTA will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Violation

The audit disclosed the following other violation:

##### Inadequate Bonding

The audit revealed that WPTA's officers and employees were not bonded for the minimum amount required at the time of the audit because the WPTA's bond expired in October 2013 and the organization failed to renew the policy. During the audit, the WPTA renewed their bonding coverage in the amount of \$500,000. As a result, OLMS will take no further enforcement action regarding this issue.

#### Other Issues

##### 1. Single Signature Requirement/Signature Stamp

The audit revealed that WPTA checks are signed by only one officer. In addition, Office Manager Sue Macejkovic advised that it is WPTA's practice for her to prepare all of the organization's checks and stamp the signature of Secretary Treasurer Breitlow on most of them. Ms. Macejkovic also indicated that no one reviews many of the checks, especially those for organizers' benefits, before they are issued. Although not prohibited by the WPTA bylaws, a single signature requirement on union checks and the use of a signature stamp are not effective internal controls of union funds. The purpose of a handwritten signature on a check is to attest to the authenticity of the completed check and the purpose of second signature is to attest to the authenticity of a completed document that has already been signed. OLMS recommends that the WPTA review these disbursement procedures to improve internal control of union funds.

##### 2. Credit Card Policy

During 2013, the WPTA disbursed more than \$70,000 BMO-Harris Bank for union credit card charges incurred by union officers and organizers; however, the WPTA has no written policy governing the use of the credit card. To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish a

written policy that outlines the best practices for monitoring credit card use and administering payments within your union. OLMS recommends that unions (1) adopt clear policies and procedures for credit card use and payment, (2) maintain detailed documentation to support each credit card charge and credit card payment, and (3) regularly monitor compliance with the established credit card policies and procedures. During the exit interview, I provided you with an OLMS compliance tip regarding union credit card policies. You and Mr. Breitlow agreed to review the provided materials and consider creating a credit card policy for the WPTA. Please refer to that publication for additional information.

I want to extend my personal appreciation to Wisconsin Pipe Trades Association 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

cc: Mr. Steven Breitlow, Secretary Treasurer  
Mr. Jeff Knaus, Vice President  
Mr. Tom Gasparetti, Lead Organizer