

U.S. Department of Labor

Employment Standards Administration
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October 6, 2010

Mr. James Burba, President
Carpenters Local 624
21 Mazzeo Drive
Randolph, MA 02368

LM File Number: 027-500

Case Number: [REDACTED]

Dear Mr. Burba:

This office has recently completed an audit of Carpenters Local 624 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 on September 30, 2010, 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 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 amounts.

The audit of Carpenters Local 624's 2009 records revealed the following recordkeeping violations:

1. General Expenses

Local 624 did not retain receipts for expenses incurred by the local for the \$100 a month rent paid to the Knights of Columbus for hall rental for membership meetings or the \$497 paid to the Veterans for hall rental for the local's Christmas party.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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.

2. Meal Expenses

Local 624 records of meal expenses did not always include explanation of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a number of meals charged to the local's American Express credit card totaling at least \$778 had the required receipts but the receipts did not note the union purpose or the name and title of those partaking in the meal.

3. Disposition of Property

Local 624 did not maintain an inventory of gift cards, T-shirts, sweatshirts, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item-30 (Other Asstes) of the LM-3. The union must retain an inventory of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

4. Receipt dates not Recorded

Entries in Local 624's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipts. 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-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them. Local 624 receipt records show that the local collected \$160 in dues on 6-29-09 and 6-29-30 but the last deposit was made on 6-26-09. These receipts were accounted for in the audit year by the local's accountant.

As agreed, provided that Carpenters Local 624 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding the violations.

Reporting Violations

The CAP 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 Carpenters Local 624 for fiscal year 06-30-2009 was deficient in the following areas:

1. Acquire/Dispose of Property

Item-13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "yes," because the union gave away T-shirts, sweatshirts, pins, and gift cards totaling more than \$9,768 during the audit year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories

such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 624 did not include some reimbursements to officers totaling at least \$69 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 624 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

3. Failure to Report Fixed Assets

Local 624 failed to report the value of a building owned by the local in Item 29 Fixed Assets.

I am not requiring that Local 624 file an amended report for 2009 to correct the deficient items, but Local 624 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Local 624's bylaws state that the officers will receive a salary for each monthly and executive board meeting attended. However, the audit revealed that a number of officers received full monthly salaries (paid quarterly) even though they did not attend all meetings. OLMS recommends that Local 624 review these procedures and enforce bylaw salary requirements.

I want to extend my personal appreciation to Carpenters Local 624 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,

Mark Letizi
District Director

CC: Mr. Dennis Lassige, Business Representative