

U.S. Department of Labor

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May 18, 2010

Mr. Llewellyn Millette, Treasurer
Iron Workers AFL-CIO
Local 745
23 Blue Hills Drive
Rochester, NH 03839

LM File Number 521-483
Case Number: [REDACTED]

Dear Mr. Millette:

This office has recently completed an audit of Iron Workers Local 745 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 Vice President Albert Howard, and President Jeffrey Guillemette on May 11, 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. The CAP disclosed the following:

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 Local 745's 2009 records revealed the following recordkeeping violations:

1. General Expenses

Local 745 did not retain adequate documentation for disbursements totaling at least \$975. For example, the union did not maintain receipts or invoices for monies paid to the Dover Elk's Club or Town Pizza.

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. Failure to Record Receipts

Local 745 did not properly record in its receipts records monies received from members for the summer outing and union apparel totaling at least \$1,055. For example, the union recorded a deposit of \$560 for jackets, but did not indicate who purchased a jacket, the amount each individual paid, and when the money was received. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 745 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-3) filed by Local 745 for fiscal year ending June 30, 2009, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 745 did not include some reimbursements to officers totaling at least \$1,306 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). Additionally, Local 745 did not report the names of some officers in Item 24 (All Officers

and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 745 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).

2. Cash Receipts

Local 745 failed to accurately report dues (Item 38) and other receipts (Item 43), and in turn total receipts (Item 44) on its 2009 Form LM-3.

- Item 38, Dues: Local 745 should enter the total dues received from employers through a checkoff arrangement, as well as any cash dues received from retirees, during the entire fiscal year. Local 745 reported receiving \$36,033 in dues; however, the union actually received \$35,853.
- Item 43, Other Receipts: All receipts other than those reported in Items 38 through 42, including money received for union apparell or the summer outing, should be reported in Item 43. Local 745 reported receiving \$1,400 in other receipts, but received \$2,621 in this category.
- Item 44, Total Receipts: Total receipts based on these adjusted figures are \$38,486. Local 745 had reported \$37,486 in total receipts for 2009.

3. Cash Disbursements

Local 745 miscategorized and underreported the union's cash disbursements as follows:

- Item 45, To Officers: The union failed to report officer expenses in this category and reported paying \$2,240 to officers in 2009. Total disbursements to officers were \$3,586 during the audit year.
- Item 48, Office & Administrative Expense: Local 745 had \$326 in office and administrative expenses in 2009; however, the union reported only \$171.

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Examples of office and administrative expenses are office supplies, postage, and fidelity bond premiums.

- Item 51, Contributions, Gifts, & Grants: Local 745 reported \$0 in this category. During the audit year, the union spent \$936 on contributions, gifts, and grants, such as flowers and donations.
- Item 54, Other Disbursements: Local 745 reported spending \$4,509 in this category, but only spent \$3,114. This category includes all disbursements made by your organization that were not reported in Items 45 through 53.
- Item 55, Total Disbursements: Total disbursements based on these adjusted figures are \$35,544. Your union had reported \$34,544 in total disbursements.

Local 745 has filed an amended Form LM-3 for fiscal year ending June 30, 2009, to correct the deficient items discussed above.

I want to extend my personal appreciation to Iron Workers Local 745 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: Jeffrey Guillemette, President
Albert Howard, Vice President