



May 23, 2012

Mr. Dan McDonald, Recording Secretary
Carpenters AFL-CIO LU 1506
5164 Santa Monica Blvd
Los Angeles, CA 90029-2466

Case Number: [REDACTED]
LM Number: 028-894

Dear Mr. McDonald:

This office has recently completed an audit of Carpenters AFL-CIO LU 1506 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 attorney Judy H. Juang on May 2, 2012 the following problem was disclosed during the CAP. The matter listed below is not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Reporting Violation

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 1506 for fiscal year ending June 30, 2011, was deficient in the following area:

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 1506 amended its bylaws in May 2007, but did not file a copy with its LM report for those years.

Local 1506 have now filed a copy of its constitution and bylaws.

Other Issue

Use of Signature Stamp

The audit disclosed that President Michael McCarron, Financial Secretary Stephen Pasko, and yourself authorize all union checks for disbursements and that all use signature stamps to sign union checks. Section 37 of Local 1506's constitution requires the signature of two or more officers on the local's checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1506 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Carpenters AFL-CIO LU 1506 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. Stephen Pasko, Financial Secretary