

U.S. Department of Labor

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Office of Labor-Management Standards
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September 27, 2007

Mr. Joseph Carroll, Treasurer
Carpenters IND
Local 1050
257 East Atlantic Avenue
Audubon, NJ 08106

LM File Number 006-834

Case Number: [REDACTED]

Dear Mr. Carroll:

This office has recently completed an audit of Carpenters Local 1050 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 Financial Secretary Philip Girardi and yourself on September 25, 2007, 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, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only the retention of 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 1050's 2006 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

Local 1050 did not retain adequate documentation for reimbursed expenses incurred by Financial Secretary Rocco Centrone and Recording Secretary Rich Cedrone totaling at least \$1,002 and \$192 respectively. For example Mr. Centrone received four checks totaling \$228 for reimbursement of supplies. However, the receipts did not have information identifying the supplies purchased and where they were to be used. Mr. Cedrone received \$12 per month reimbursement for ½ his AOL telephone bill, as noted on the reimbursement vouchers which were approved by the Executive Board. However, not all the phone bills were retained and those on hand were not annotated as to the reason for the partial payment such as payment for use while conducting union business.

2. Lack of Salary Authorization

Local 1050 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the Labor Organization Annual Report (Form LM-3) paid to you and all union officers, were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries. The salary payments made to the aforementioned union officers were in the amounts reported on the Form LM-3 and consistent with the amounts stated by you during the Organizational Interview. However, a record must be kept of salary authorizations.

During the exit interview, you advised me that the salaries paid all union officers had been in place for a long time. You assured me that the current salaries would be addressed at the next executive board and membership meetings. Meeting minutes would be kept of the two meetings and kept in union records. I

advised you that documents authorizing officers' salaries must be kept up to date and with union records.

Based on your assurance that Local 1050 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 LM-3 filed by Local 1050 for fiscal year ending June 30, 2006 was deficient in the following area:

1. Disbursement to Officers

Local 1050 did not include reimbursements to its financial secretary and recording secretary totaling at least \$1,195 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). You advised that the disbursements were erroneously included in the amount reported in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 1050 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. 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 1050 amended its bylaws in 1999 but did not file a copy with its LM report for that year.

During the audit you provided a copy of the 1999 bylaws and gave your assurance that Local 1050 would submit a copy of its bylaws with its LM report every time they are revised.

I am not requiring that Local 1050 file an amended Form LM-3 report for 2006 to correct the deficient items. Local 1050 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Carpenters Local 1050 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: Romeo Carsello, President