

**U.S. Department of Labor**

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July 9, 2007

Mr. Kelly Bradley, Secretary Treasurer  
Elevator Constructors, AFL-CIO  
Local Union 48  
717 Lee Street E, Suite 201  
Charleston, WV 25301-1734

LM File Number 061648

Case Number: [REDACTED]

Dear Mr. Bradley:

This office has recently completed an audit of Elevator Constructors Local 48 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 Local 48 Business Manager Mark Mullins and CPA Carol Belcher on June 20, 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 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 48's 2006 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 48 did not record in its receipts records initiation fees, work permit fees, and other receipts. For example, initiation fee payments made by [REDACTED] [REDACTED] each for \$440) are reported as dues receipts and not initiation receipts. Additionally, work permit fees must be recorded as work permit fee remittance in the receipts journal, and other receipts must also be properly recorded (i.e., refunds, check charges paid, etc.). 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.

2. Receipt Dates not Recorded

Entries in Local 48'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 receipt. 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 violates the LMRDA in that Section 206 requires labor organizations to keep at least one record showing the date, amount, purpose, and source of that money. A daily receipts journal, listing date received, amount, source, and purpose is an acceptable record.

Based on your assurance that Local 48 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 48 for fiscal year ending September 30, 2006, was deficient in the following area:

Due to the inadequate recordkeeping as described above, a few of the union's receipts were not reported in the correct items on the LM-3 report. Item 38 reports only dues receipts - initiation, work permit and other fees, along with fines and assessments are reported in Item 40. Additionally, reimbursements made to the union, such as those from NEIBP and bounced check fees paid by members are reported in Item 43, Other Receipts.

Based on your assurance that Local 48 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Other Violations

The audit disclosed the following other violation:

#### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 48's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

1. Duplicate Receipts


Members of Local 48 pay dues directly to the union. Mr. Kelly Bradley marks and returns the members' card to them upon receipt of a dues payment. He also records dues payments next to the member's name in the union's membership journal, but he does not issue receipts to dues payers. OLMS recommends that Local 48 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Two Signature on Check Disbursements

During the audit, you advised that Kelly Bradley is the only signature on check disbursements. Local union checks should be signed by two responsible officers. 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. OLMS recommends that Local 48 review its receipts and disbursements procedures to improve internal control of union funds.

I want to extend my personal appreciation to Elevator Constructors Local 48 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: Mark Mullins, Local 48 Business Manager