

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
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December 18, 2007

Mr. John Conroy, Business Manager/Financial Secretary
Asbestos Workers AFL-CIO
Local 2
1057 Clinton Road
Clinton, PA 15026-0995

LM File Number 035-280
Case Number: [REDACTED]

Dear Mr. Conroy:

This office has recently completed an audit of Asbestos Workers Local 2 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 Regal Mobrey, Joseph J Seiler, James Cassidy, Thomas Mulholland, and Patricia Hubert on December 11, 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 the 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 2's May 2006 to April 2007 records revealed the following recordkeeping violations:

1. Officer Expenses and Credit Card Expenses

Local 2 did not retain adequate documentation for expenses charged to the union's credit cards issued to officers. Specifically, no hotel receipts were retained for charges on the union's American Express credit card issued to Business Agent Mark Hamilton totaling at least \$1,900 as well as Mark Hamilton's union issued Bank of America credit card totaling at least \$430. Additionally on former Business Manager ██████████'s credit card, charges totaling at least \$850 for lodging at Atlantic City, NJ did not have receipts.

On the Bank of America credit card issued to Mr. Allan, no receipt was found for a computer purchase of \$1,186 and on Business Agent Jim Cassidy's Bank of America credit card a computer purchase of \$909 did not have a receipt.

2. Disposition of Property

When Local 2 gifts items of substantial value to members at a union-sponsored function, for example golf clubs at the annual golf outing, the name of each individual who received a gift should be recorded in union records, this currently is not the practice.

3. Other

Adequate documentation was not retained for some purchases from the activity fund and the scholarship fund. For examples invoices were not available in union records for disbursements to Salvatore's Catering, Chuck's Ice Cream, and Sadecky's Puppets for the union picnic at South Park, PA.

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.

Based on your assurance that Local 2 will retain adequate documentation in the future, OLMS will take no additional enforcement action at this time regarding the above violations.

Other Issues

1. Union Receipts (Income)

The audit revealed that Local 2 makes monthly deposits the first week of each month. Since the on site audit began the last week of November, an OLMS cash count revealed approximately \$140,000 of undeposited checks and \$51 of undeposited cash. We discussed at the exit interview the importance of entering into union records income on the date received; entries in Local 2's receipts journal, or equivalent record, must reflect the date the union received the money. Deposits into a union bank account should be made shortly thereafter.

OLMS recommends that Local 2 make deposits of receipts more often than once a month, preferable within a few days after received.

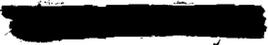
2. Local 2 Bylaws

Local 2's current Bylaws are dated 1977. You stated at the exit interview that you have created a Bylaws Committee chaired by the union treasurer to update the Bylaws. As I explained when the Bylaws are updated and approved through the proper internal channels, please submit a copy to me. If, however, the Bylaws are not completed and approved until the next filing on your union's LM-2 report, submit two copies of the new Bylaws with the LM-2 report for fiscal year ending April 30, 2008.

I want to extend my personal appreciation to Asbestos Workers Local 2 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.

Mr. John Conroy
December 18, 2007
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Sincerely,


Senior Investigator

cc: President Regal Mobrey
Treasurer Joseph J Seiler