



December 4, 2019

Mr. Sam Dignall, Financial Secretary
Carpenters, Local 420

Case Number: 140-6017244
LM Number: 545543

Dear Mr. Dignall:

This office has recently completed an audit of Carpenters, Local 420 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 on December 9, 2019, 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 420's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 420 did not retain adequate documentation for reimbursed cell phone expenses incurred by a union officer totaling at least \$500.00. For example, Local 420 Officer Sam

Dignall was reimbursed half of his personal cell phone bill each month for union business use, but the union did not maintain the cell phone bill.

As 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. Lack of Authorization for Officer Disbursements for Official Business/Information not Recorded in Meeting Minutes

Local 420 did not maintain records to verify that the officer disbursements (personal cell phone reimbursements) for official business reported in Schedule 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current disbursements authorized by the entity or individual in the union with the authority to authorize such official disbursements.

During the audit, Treasurer Jim Hogue and Financial Secretary Sam Dignall advised OLMS that the membership authorized cell phone reimbursement for Financial Secretary Dignall at a union membership meeting approximately three years ago when the union first formed. However, the union was unable to locate membership meeting minutes to support this authorization. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 420 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 420 for the fiscal year ended June 30, 2019, was deficient in the following area:

Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gift cards totaling more than \$550.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 420 file an amended LM report for 2019 to correct the deficient item, but Local 420 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Carpenters, Local 420 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. James Hogue, Treasurer
Mr. Jeremy McNutt, President