

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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August 21, 2006

Mr. Daryl Owens, Financial-Secretary
Carpenters Local 1770
813 Enterprise
Cape Girardeau, MO 63701

Re: Case Number [REDACTED]

Dear Mr. Owens:

This office has recently completed an audit of Carpenters Local 1770 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, Lisa Davis, and Jack Conklin Sr. on June 23, 2006, 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.

Title II of the LMRDA establishes certain reporting and record-keeping 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record-keeping deficiencies were noted:

- The bank statements for Local 1770's Certificates of Deposit were not available in the union's records and had to be obtained from the local's auditor.
- Local 1770 also failed to maintain an inventory of hats, jackets, and other property which were purchased and sold or given away. Records must be maintained that

account for all union property. In the case of union hats, jackets, and other items sold to, or given away to, members, the date and amount received from every sale must be recorded in at least one record.

You agreed during the exit interview to make changes in your procedures to properly maintain these records. Based upon the implementation of these new procedures, this matter will be resolved.

The CAP also 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 following reporting violations were noted:

- The Labor Organization Annual Report (Form LM-3) filed by Local 1770 for fiscal year ending June 30, 2005 was deficient in that the purchase of hats, shirts, and sweatshirts was not properly reported.

Specifically, Item 13 [LM-3] (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 shirts, hats, sweatshirts, and watches totaling more than \$6,000 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report (Item 56) along with the identity of the recipient(s) or donor(s) of such property.

- Disbursements to Vice President Jack Conklin Jr. were erroneously attributed to President Jack Conklin Sr. in Item 24 of the LM report. All direct disbursements to your union's officers, and some indirect disbursements, made by your organization on behalf of its officers must be included in the amounts reported in Item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).
- Also, Item 51 (Contributions, Gifts and Grants) did not accurately record all of Local 1770's charitable donations. Local 1770's charitable donations were listed as \$937.00. The actual charitable donations were \$2,691.03.


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An amended LM report for 2005 is not being requested to correct the deficient items, but as agreed, Local 1770 will properly report the deficient items on the report now due for the fiscal year ended June 30, 2006 and all future reports filed with this agency.

The audit also disclosed that disbursements for items such as donations, hats, shirts, and watches, along with picnic expenses and Christmas parties, were never approved by a majority of union members at a membership meeting as outlined in your Constitution. During the exit interview, I advised you that proper authorization of all disbursements of union funds could not be found in your union records. I suggest that Local 1770 takes steps to record membership approval of disbursements at future meetings and records them in meeting minutes or some other internal document.

I want to extend my personal appreciation to Carpenters Local 1770 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: Trustee Clyde Dobbs
Trustee Cedric Below
Trustee Kenny Kidd