

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 18, 2009

Mr. Brian Stam, Financial Secretary
Carpenters Ind.
Local 1795
P.O. Box 7
85 S. Henry Street
Farmington, MO 63640

LM File Number 010-430

Case Number: [REDACTED]

Dear Mr. Stam:

This office has recently completed an audit of Carpenters Local 1795 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 Stanley King, Jeff Mayberry, Vance Marler, and you on April 15, 2008, 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 1795's 2008 records revealed the following recordkeeping violation:

General Reimbursed Expenses

Local 1795 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$402.35. For example, food for members attending the union's regular monthly meeting was charged to a personal credit card in September 2007, October 2007, May 2008, and June 2008. The documentation retained by Local 1795 contained only the final charge and not the items purchased.

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.

Based on your assurance that Local 1795 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 1795 for fiscal year ending June 30, 2008, was deficient in the following areas:

1. PAC Funds

Item 12 on page 2 of the LM-3 (During the reporting period did your organization have a political action committee (PAC) fund?) was incorrectly answered "No." Local 1795 had its own PAC fund during 2008. As stated in the LM-3 report instructions, PAC funds kept separate from your union's treasury need not be included in your union's LM report if publicly available reports on the PAC funds are filed with a federal or state agency. However, the audit revealed that Local 1795's PAC funds were not reported to any other federal or state agency. Therefore, the financial activities of the PAC fund must be included in Local 1795's LM report.

2. Building Loan Credit Reported as a Receipt and Disbursement

Local 1795 improperly included on the LM-3 report the value of a loan credit they received from the St. Louis Carpenters District Council. The district council provides office space for their member locals within the St. Louis metropolitan area. Because Local 1795 is located outside the St. Louis metropolitan area, the local receives a stipend from the district council to defray office rent expense. Local 1795 purchased a building to serve as the local's offices and meeting hall using money it borrowed from the district council. Local 1795's \$713.00 monthly stipend is the same amount as their monthly building loan payment. Therefore, the district council does not issue Local 1795 a check from their checking account for the monthly stipend but credits the building loan account the \$713.00 stipend. The annual credit of \$8,556.00 was reported in Line 43 (Other Receipts) and Line 53 (Loans Made) on the LM-3 report filed for fiscal year ending June 30, 2008. For LM reporting purposes, OLMS considers a deposit to be cash received and a disbursement to be cash paid out. The credit applied towards the building loan is neither cash received by Local 1795 nor cash paid out and, therefore, the local should not report these transactions as receipts or disbursements.

3. 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 1795 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

I am not requiring that Local 1795 file an amended LM report for 2008 to correct the deficient items, but Local 1795 has agreed to properly report the deficient items on all future reports it files with OLMS. In addition, Local 1795 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Carpenters Local 1795 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,

[REDACTED]

Investigator

cc: Stanley King, President

[REDACTED]

[REDACTED]