

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 29, 2009

Mr. John Oberster, President
Professional and Technical Engineers Local 32
SWMRC
3755 Brinser St. Suite 1
Building 77 Code 225A
San Diego, CA 92136

LM File Number: 542-092
Case Number: [REDACTED]

Dear Mr. Oberster:

This office has recently completed an audit of Professional and Technical Engineers Local 32 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, [REDACTED], and Bobbi Rogers on September 16, 2009, 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.

The CAP disclosed the following violations:

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 32's records revealed the following recordkeeping violations:

1. Failure to Record Disbursements

Local 32 did not maintain any form of disbursement records to record any of the \$19,176.75 disbursed during the fiscal year, or in the previous fiscal years. The union records should include a journal or ledger or other document to adequately identify all individual disbursements from the union's funds, in the form of checks, cash, or debits.

2. Failure to Record Receipts

Local 32 did not maintain any form of receipts records to record the year's receipts totaling \$34,131.06. Categories of receipts not recorded included the dues checkoff deposits, dental and vision insurance payments received from members, and interest earned on the certificates of deposits. Union must maintain a receipt record to adequately identify all money the union receives. The records should show the date and amount received, and the source of the funds received.

3. Information not Recorded in Meeting Minutes

Local 32 failed to maintain any union membership and executive meeting minutes during the audit year or previous years to document significant information or actions taken during the meetings. Specifically, the union should maintain meeting minutes to include approved and authorized disbursements, including salary levels or allowances; fees, fines, assessments, investment activities, and other important actions undertaken, approved, or discussed by the membership and executive board.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 32's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers and employees of Local 32 are currently bonded for \$5,000; however, they must be bonded for at least \$10,369.19.

Local 32 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than September 30, 2009.

I want to extend my personal appreciation to IFPTE Local 32 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,



Mr. John Oberster
September 29, 2009
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Senior Investigator

cc: George Kremnitzer, Accountant