

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
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February 27, 2009

Mr. Bill Hayes, Business Manager  
Plumbers AFL-CIO  
Local 360  
#5 Meadow Heights Professional Park  
Collinsville, IL 62234

LM File Number 004-503  
Case Number: [REDACTED]

Dear Mr. Hayes:

This office has recently completed an audit of Plumbers Local 360 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 January 12, 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.

Title V of the LMRDA establishes the fiduciary responsibility of officers of labor organizations. Section 501(a) states, "The officers, agents, shop stewards, and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group. It is, therefore, the duty of each such person...to manage, invest, and expend the same in accordance with its constitution and bylaws and any resolutions of the governing bodies."

The audit revealed that you received a salary increase without the approval of the union's executive board. You received an unauthorized weekly salary increase of

\$116.10 from July 3, 2008 through August 15, 2008 totaling \$812.70. Subsequently, on August 22, 2008, you repaid the local in full the unapproved monies received.

It is the responsibility of the entire executive board to ensure that all disbursements of union funds are properly authorized. It should be noted that Section 501(c) provides for a fine of not more than \$10,000 or imprisonment for not more than five years, or both, for willful embezzling, stealing, or unlawfully converting to personal use any of the funds, securities, property, or other assets of a labor organization of which an officer is employed, directly or indirectly.

Further, it was discovered during the audit that Office Secretary Carla Thompson's salary and benefits are determined by the business manager of the local. While, the wages and benefits are set at the business manager's discretion, there is no written record of how this is determined. It is suggested that this be clearly defined in some written form, whether it be a contract, office policy, or meeting minutes.

Based on these issues, I strongly recommend that the local establish a local constitution and bylaws to clarify the approval process.

I want to extend my personal appreciation to Plumbers Local 360 for the cooperation and courtesy extended during this compliance audit. I 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: Paul Koehne, President