

**U.S. Department of Labor**

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October 14, 2008  
Mr. Joe Baca, Financial Secretary  
Carpenters Ind Local 1144  
2800 1<sup>st</sup> Ave, Room 312  
Seattle, WA 98121

LM File Number: 516-190  
Case Number: [REDACTED]

Dear Mr. Baca:

This office has recently completed an audit of Carpenters Ind Local 1144 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 September 8, 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 1144's 2008 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 1144 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

2. Disbursement/Receipt Records

Local 1144 receives dues by cash, check, and credit card. Occasionally, a member's check is greater than the amount owed. LU 1144 gives members change from petty cash, but does not maintain a record of the disbursements in petty cash. The cash or check amount reflected in the receipts journal does not coincide with the amount of the cash or check on the bank deposit records.

Based on your assurance that Local 1144 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-2 filed by Local 1144 for fiscal year ending June 30, 2007, was deficient in that:

1. 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 1144 amended its bylaws, but did not file a copy with its LM report for that year.

Local 1144 has now filed a copy of its bylaws.

## 2. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 1144's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

### Other Issue

#### Use of Signature Stamp

During the audit, you advised that it is Local 1144's practice in an emergency situation to use a signature stamp if a signatory is unavailable to sign checks. Section 24 of Local 1144's bylaws requires that checks must have two signatures. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1144 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Carpenters Ind Local 1144 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 Haun, President