

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 21, 2010

Mr. Tom Pedrick, International Trustee
Roofers, AFL-CIO
Local 154
370 Vanderbilt Motor Parkway
Hauppauge, NY 11788

Re: Case Number: [REDACTED]

Dear: Mr. Pedrick

This office has recently completed an audit of 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 December 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:

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 154's 2006 records revealed the following recordkeeping violations:

1. Failure to maintain gas receipts

The union is required to maintain records/gas receipts that will verify expenses charged to the union's gas credit card for the audit period covering 12/31/06. You advised that it was difficult to locate certain records that were archived and placed in a storage facility outside of the union's office. However, according to Title II of the LMRDA unions are required to maintain records for at least five years that will verify information listed in the union's LM-2 report.

2. Failure to maintain meeting minutes

Local 154 did not maintain executive board and membership meeting minutes during the audit period. Minutes of all membership and executive board meetings must be maintained to verify disbursement authorizations discussed in membership and executive board meetings. You explained that you were unable to locate minutes in the union's headquarters due to archiving of aged records.

Based on your assurance that Local 154 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 154 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Cash Receipts -Item 36 Dues and Agency Fees

Local 154 inadvertently included in Item 36 funds for initiation, re-enrollment, and withdrawal fees. The LM-2 report Item 36 reflected \$71,615. However, the audit reflected \$62,601 in dues receipts. The union is required to amend the LM-2 report Item 36 to reflect \$62,601.

2. Cash Receipts -Item 38 Fees, Fines, Assessments, Work Permits

Local 154 failed to include in Item 38 funds for initiation, re-enrollment and withdrawal fees. As mentioned above, the union must include these fees, of at least \$7,194, in Item 38. A review of the records showed that these funds were reported inaccurately in dues receipts.

3. Cash Receipts- Item 41 Dividends

Local 154 underreported the amount of dividends earned in the LM-2 report Item 41 Dividends for the audit period covering 12/31/06. LM-2 Item 41 Dividends reflected \$1,215. However, the audit showed \$1,825 earned during the audit period resulting in a difference of \$610. Therefore, the union is required to amend Item 41 to reflect \$1,825 the correct amount of dividends earned during the audit period.

4. Total Disbursements

Local 154 inaccurately reported the total amounts of disbursements in LM-2 Item 68 for fiscal year ending December 31, 2006. The organization's Form LM-2, Item 68 Total Disbursements reflected \$416,175. However, the audit disclosed that the organization's total disbursements were approximately \$418,641. The union's Accountant Pat Trombetta explained that the difference resulted from a vacation withholdings in the amount of \$2,372 as reported in union's records for 2006 which was entered in Form LM-2 Item 67(c) Total Withholdings. Trombetta added that union's payroll records reflect the disbursement in December 2006 although the transaction did not clear until January 4, 2007.

A review of the union's records showed that the differences mentioned above in items 1-4 were attributed to accounting errors. As a result, Local 154 must file an amended Form LM-2 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). However, the union did not meet

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your initial promise date to submit the amended Form LM-2 for December 31, 2006 by December 29, 2009 as discussed during the exit interview. At this time, this Office is requesting that you electronically file the amended LM-2 for December 31, 2006 by January 29, 2010. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to 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: Robert Danley, International Trustee