

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
San Francisco District Office
90 7th Street
Suite 18-100
San Francisco, CA 94103
(415) 625-2661 Fax:(415) 625-2662



August 12, 2009

Mr. Alvaro Garcia, Financial Secretary
Roofers Local 81
8400 Enterprise Way
Oakland, CA 94621

LM File Number: 024-064
Case Number: [REDACTED]

Dear Mr. Garcia:

This office has recently completed an audit of Roofers Local 81 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 and Business Manager Douglas Ziegler on August 13, 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.

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 81's 2008 records revealed the following recordkeeping violation:

1. Disposition of Property

Local 81 did not maintain an inventory of hats, t-shirts, 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.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

Based on your assurance that Local 81 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 81 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 [LM-2] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away merchandise totaling more than \$5,000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Sale of Supplies

Local 81 did not correctly report receipts from the sale of supplies or disbursements for supplies for resale. The audit revealed that during 2008, Local 81 disbursed at least \$12,012 for items that it re-sold to members, collecting receipts totaling at least \$4,124. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale). In addition, it must report the value of any supplies for resale on hand at the beginning and end of the year in Item 28 and Schedule 7 (Other Assets).

3. Failure to Report Investments

All trusts in which the labor organization is interested which are investments of the labor organization (such as real estate trusts, building corporations, etc.) must be reported in Schedule 5. Local 81 failed to report its book value of the union's investment in the Labor Temple Association of Alameda County on Schedule 5. Local 81 should report on Line 6(a) the name of the trust in Column (A) and the labor organization's share of its book value in Column (B) of Schedule 5.

I am not requiring that Local 81 file an amended LM report for 2008 to correct the deficient items, but Local 81 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Roofers Local 81 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. Douglas Ziegler, Business Manager

Letter/Mr. Alvaro Garcia

August 12, 2009

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