



October 29, 2010

Mr. Gary Decosta, President
Carpenters Local 1305
PO Box 587
Fall River, MA 02722

Case Number: [REDACTED]
LM Number: 014279

Dear Mr. Decosta:

This office has recently completed an audit of Carpenters Local 1305 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 Financial Secretary Ronald Rheaume on October 25, 2010, 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 1305's 2009 records revealed the following recordkeeping violations

1. Failure to Record Receipts

Local 1305 did not record in its receipts records some dues payments totaling at least \$5,404. For example, Local 1305 deposited \$5,404 in member dues payments on 12/29/08, but this deposit was not indicated in the union's accounting software. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Failure to Record Disbursements

Local 1305 made two money transfers from its First Trade Now checking account to its Bank of America checking account totaling \$6,000 with check #'s 4503 and 4506. These checks were marked as "void" in the union's accounting software and were assigned a zero value. Union records must include adequate documentation of all disbursements to verify, explain, and clarify the disposition of union assets.

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-3) filed by Local 1305 for the fiscal year ended 06/30/09, was deficient in the following area:

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 1305 amended its constitution and bylaws in 1998, but did not file a copy with its LM report for that year.

Local 1305 has now filed a copy of its constitution and bylaws.

Other Issues

Duplicate Receipts

Members of Local 1305 pay dues directly to the union. Mr. Rheume and Ms. Martel record dues payments in the union's receipts journal, but they do not issue receipts to dues payers. OLMS recommends that Local 1305 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Carpenters Local 1305 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. Ronald Rheume, Financial Secretary