



May 31, 2012

Case Number: [REDACTED]
LM Number: 515609

Dale Bilyeu, Business Manager
Boilermakers Lodge 549
2191 Piedmont Way
Pittsburg, CA 94565

Dear Mr. Bilyeu:

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, your bookkeeper Shirley Jordan, and EA Debbie Dreher on March 13 and with you on May 30, 2012, 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 549's 2011 records revealed the following recordkeeping violation:

Lack of Salary Authorization

Local 549 did not maintain records to verify that a salary reported in Schedule 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the

current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 549 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 549 for the fiscal year ended June 30, 2011, was deficient in the following areas:

1. Credit Cards

Disbursements to credit card companies are incorrectly reported as a single disbursement to the credit card company as the vendor. Local 549 reported payments to Business Card totaling \$33,127 on Schedule 15 and to MasterCard totaling \$6,354 on Schedule 17. Instead, charges appearing on credit card bills paid during the reporting period must be allocated to the recipient of the payment by the credit card company. Please see the Form LM-2 *Instructions* for additional information on credit card disbursements under the heading: Special Instructions for Reporting Credit Card Disbursements.

2. Sale of Supplies

Local 549 did not correctly report receipts from the sale of supplies for resale. 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). The audit revealed that during 2011, Local 549 collected receipts for the sale of supplies totaling at least \$1,150. In addition, the union 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 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 549 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year. Local 549 has now filed a copy of its constitution and bylaws.

4. Rates of Dues and Fees

Item 21 of the LM-2 (What are the organizations rates of dues and fees?) should have been answered that in addition to regular dues ranging from \$23.15-\$60.00 per month, working dues are 6 percent of gross wages.

I am not requiring that Local 549 file an amended LM report for 2011 to correct the deficient items, but Local 549 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Boilermaker's Lodge 549 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,

A solid black rectangular box used to redact the signature of the Senior Investigator.

Senior Investigator