



September 28, 2015

Mr. Daniel Popovich, President
Boilermakers Lodge 132
2930 Gulf Freeway
La Marque, TX 77568

Case Number: 420-6004155()
LM Number: 004278

Dear Mr. Popovich:

This office has recently completed an audit of Boilermakers Lodge 132 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 Secretary-Treasurer Mark Thompson on September 28, 2015, 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.

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 LM-3 filed by Lodge 132 for the fiscal year ended June 30, 2014, was deficient in the following areas:

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. Lodge 132 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year.

2. Disbursements to Officers

Lodge 132 did not include reimbursements to you and recording Secretary Eugene Garcia totaling at least \$2,479 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Lodge 132 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect

disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense). The *OLMS Compliance Tip Reporting Officers and Payments to Them on Form LM-3* that I provided during the exit interview will provide further guidance on this matter.

3. Disbursements to Employees

Lodge 132 did not include salary payments to employee Lacey Childs totaling at least \$14,480 and expense payments to Lodge 132 members [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED] totaling at least \$4,713 in Item 46 (Disbursements to Employees). It appears that the local erroneously reported these payments in Item 54 (Other Disbursements). The *OLMS Compliance Tip Reimbursed Travel Expense Payments* that I provided during the exit interview will provide further guidance on this matter.

4. Contributions, Gifts & Grants

Lodge 132 did not include a donation that was made to the Bayou Vista Youth Teen Fishing Tournament totaling at least \$300 in Item 51 (Contributions, Gifts & Grants). It appears the union erroneously reported this payment in Item 54 (Other Disbursements).

As agreed, Lodge 132 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than October 12, 2015.

Lodge 132 must file an amended Form LM-3 for the fiscal year ended June 30, 2014, to correct the deficient items discussed above. I encourage Lodge 132 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than October 12, 2015 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Issues

Signing Blank Checks

During the audit, you advised that you sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement.

Mr. Daniel Popovich

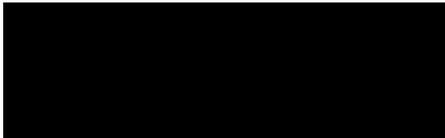
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OLMS recommends that Lodge 132 review these procedures to improve internal control of union funds. The *OLMS Compliance Tip Internal Financial Controls* that I provided during the exit interview will provide further guidance on this matter.

I want to extend my personal appreciation to Boilermakers Lodge 132 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Mark Thompson, Secretary-Treasurer