



January 12, 2017

[REDACTED], Financial Secretary
CARPENTERS IND LU 2001
[REDACTED]

Case Number: 140-6009050 [REDACTED]
LM Number: 537384

Dear [REDACTED]:

This office has recently completed an audit of CARPENTERS IND LU 2001 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). After the audit was initiated, Local 2001 was terminated and the former membership merged with United Brotherhood of Carpenters (UBC) Local 2799.

As discussed during the exit interview on January 11, 2017 with UBC Council Representative [REDACTED], Local 2799 President Frank Copley, Local 2799 Financial Secretary [REDACTED], Local 2799 Treasurer Brian Ingerick, Local 2001 Warden/Steward [REDACTED], Local 2001 Steward [REDACTED] and Local 2001 member [REDACTED], 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 2001's fiscal year 2016 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2001 did not retain adequate documentation for reimbursed expenses incurred by President Priscilla Cannon, Vice President Elizabeth Norwood, Financial Secretary [REDACTED], Recording Secretary Datrice Davis, Trustee Amy Flood, Trustee Patricia Worthy, Treasurer Virginia Burton, or officers [REDACTED] and [REDACTED] totaling at least \$10,859.40. For example, there was no adequate documentation for check # [REDACTED] dated July 21, 2015 to Vice President Norwood in the amount of \$1,500.00 or for check # [REDACTED] dated December 14, 2015 to President Cannon in the amount of \$800.00.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 2001 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$400.00. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 2001 did not maintain records of meal expenses, which should include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, check [REDACTED] dated December 19, 2015 to President Cannon in the amount of \$400.00 indicated the payment was for Christmas dinner, but the records did not contain any documentation of the expense. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Reimbursed Auto Expenses

President Cannon, Vice President Norwood, and Recording Secretary Davis, who received reimbursement for business use of their personal vehicles, did not retain adequate documentation to support payments to them totaling at least \$660.00 during fiscal year 2016. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business

purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Failure to Record Receipts

Local 2001 did not record in its receipts records money from employer dues checkoff or cash received totaling at least \$12,309.00. For example, \$120.00 in cash was received on January 5, 2016 from an unspecified source. 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.

5. Information not Recorded in Meeting Minutes

During the audit, you, President Cannon and Vice President Norwood advised OLMS that standing expenses, such as supplies and lost time are not required to be approved by the membership. You, President Cannon and Vice President Norwood advised that you and two or three other officers typically make the approvals without bringing the expenses before the membership. However, UBC Council Representative [REDACTED] advised OLMS that all expenditures other than standing expenses should be brought before the membership for approval.

Section 54D of the UBC Constitution states that all moneys paid out of the funds of a local union, with the exception of per capita tax, cost of bonds of financial officers and payments required under Section 59B and Section 43C must be by majority vote of the members, or delegates, present. Section 37A of the UBC Constitution states the treasurer shall make no disbursement without the sanction of the local union.

The minutes of the Local 2001 membership meetings did not contain any reference to approval of expenditures for fiscal year 2016. For example, the meeting minutes did not reflect approval of travel to the UBC convention by President Cannon, Vice President Norwood and Recording Secretary Davis in September 2015.

The minutes of the Local 2001 membership meetings also did not contain any reference to approval of payment of lost time claims. While claim vouchers were submitted for all claims, 2 of the 12 claims bore no approval signatures. In addition, President Cannon served as the sole approver for two of her own vouchers totaling \$853.73.

Because Local 2001 was terminated on November 30, 2016, 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-3 filed by Local 2001 for the fiscal year ended June 30, 2016, was deficient in the following areas:

1. Location of Records

Local 2001 did not answer Item 9 (Place Records Kept). If the answer is 'no,' the address where your union's records are kept must be provided in Item 56 (Additional Information).

2. Loss or Shortage of Funds

Local 2001 answered 'yes' to Item 15 (Loss or Shortage of Funds). However, all required information was not provided in Item 56 (Additional Information). Full details of the loss or shortage and any recovery by your union must be provided in Item 56 as explained in the instructions for Item 15.

3. Financial Items

The following items must be completed with the appropriate number or '0': Item 24(D) and (E), Item 24 line 10, Items 25(A) – 30(A), Items 25(B) – 30(B), Items 32(C) – 35(C), Items 32(D) – 35(D), and Items 46-54.

4. Disbursements to Officers

Local 2001 did not include some lost wage payments to officers totaling at least \$4,266.00 in the amounts reported under Item 24D (Gross Salary to All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 24E (Allowances and Other Disbursements of All Officers and Disbursements to Officers).

Local 2001 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). According to the Local 2001 Bylaws, the conductor, warden and trustees are considered part of the executive board and are therefore required to be listed on the Form LM-3. Conductor [REDACTED] and Trustee [REDACTED] were omitted from the Form LM-3. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 2001 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).

5. Receipts

Local 2001 did not include some receipts totaling at least \$1,720.00 in the amounts reported under Item 43 (Other Receipts). It appears the union erroneously reported these receipts in Item 38 (Dues). The union reported a total of \$12,309.00 in dues receipts under Item 38 while its records reflect only \$10,589.00 in dues receipts.

6. Signatures

Item 57 (President’s Signature) must have the date the report was signed by your union’s president (or corresponding principal officer). Item 58 (Treasurer’s Signature) must have the original signature of your union’s treasurer (or corresponding principal officer) and date the report was signed by your union’s treasurer as explained in the instructions for Item 58.

7. 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 2001 has never filed a copy of its constitution and bylaws with OLMS.

Because Local 2001 was terminated on November 30, 2016, I am not requiring that Local 2001 file an amended Form LM-3 for fiscal year 2016 to correct the deficient items.

Other Issue

Check Signatures

The audit revealed that of the 54 checks issued from the general checking account and endorsed during fiscal year 2016, there were 2 which were signed by only one officer, President Cannon: check# [REDACTED] dated March 8, 2016 to Vice President Norwood in the amount of \$215.00 and # [REDACTED] dated June 17, 2016 to Vice President Norwood in the amount of \$1,640.00.

According Section 37A of the UBC Constitution, all checks of a local union must be signed by two or more officers of the local union. The two signature requirement is an effective internal control of union funds. Because Local 2001 was terminated on November 30, 2016, OLMS will take no further enforcement action at this time regarding this violation.

I want to extend my personal appreciation to CARPENTERS IND LU 2001 for the cooperation and courtesy extended during this compliance audit. Because Local 2001 was terminated and the former membership merged with Local 2799, this letter will additionally be provided to the Local 2799 officers, along with the compliance assistance materials provided to them during the exit interview. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]

Investigator

cc: Ms. Priscilla Cannon, Local 2001 President
Ms. Elizabeth Norwood, Local 2001 Vice President
Mr. Frank Copley, Local 2799 President
[REDACTED], Council Representative
[REDACTED], CIC Executive Secretary Treasurer