



February 23, 2017

Mr. Manuel Lopez, President
Carpenters LU 2007
7111 Firestone Blvd., #126
Buena Park, CA 90162-1

Case Number: 520-6009853 [REDACTED]
LM Number: 540885

Dear Mr. Lopez:

This office has recently completed an audit of Carpenters LU 2007 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 Bookkeeper [REDACTED] on February 16, 2017, 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 (Form LM-3) filed by Carpenters LU 2007 for the fiscal year ended June 30, 2016, was deficient in the following areas:

1. Payments to Employees

Carpenters LU 2007 did not include payments to employees totaling at least \$15,762 in the amounts reported in Item 46 (To Employees). It appears that the local erroneously reported these payments in Item 54 (Other Disbursements). The union must report direct and indirect disbursements to employees of your organization during the reporting period in Item 46.

2. Other Disbursements

Carpenters LU 2007 did not include disbursements for office and administrative expenses totaling at least \$12,034 in the amounts reported in Item 48 (Office and Administrative Expense). Additionally, the union did not include payments made for member benefits and meeting expenses totaling at least \$8,210 in the amounts reported in Item 48. Furthermore, the union did not include office and administrative expenses totaling at least \$3,785 for lodging and travel expenses incurred on behalf of an officer. 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. It appears that the local erroneously reported these disbursements in Item 54 (Other Disbursements).

Carpenters LU 2007 must file an amended Form LM-3 for the fiscal year ended June 30, 2016, to correct the deficient items discussed above. I encourage Local 2007 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 March 3, 2017 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

Membership Authorization

The audit revealed that the membership authorized the purchase of a \$1,575.55 Konica copy machine at the November 2015 membership meeting. However, the actual cost of the copy machine, purchased December 2015, was \$2,423.03. A review of meeting minutes did not indicate that the actual cost was disclosed to membership. Membership must be properly and timely notified of a purchase that exceeds the authorized amount.

I want to extend my personal appreciation to Carpenters LU 2007 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. Galo Toapanta, Financial Secretary
, Bookkeeper