



May 29, 2019

Mr. James Tri, President
Carpenters Ind., Local 322
710 Olive Street
St. Paul, MN 55130

Case Number: 320-6015379 [REDACTED]
LM Number: 544498

Dear Mr. Tri:

This office has recently completed an audit of Carpenters Local 322 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, Treasurer Aaron Hill, Administrative Assistant Alissa Cole and Accountant Heidi Tatro on April 29, 2019, 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 322's 2018 records revealed the following recordkeeping violations:

1. Gift Card Purchases

Local 322 did not retain adequate documentation for the purchase of gift cards from Union Bank and Trust totaling more than \$16,000 during the audit year. For example, check [REDACTED] was payable to Union Bank and Trust for \$810. The only documentation retained in

support of this payment was the information provided on the check stub, which indicated the payment was for [REDACTED] for legislative conference.

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. Wages

Local 322 did not retain adequate documentation for wage payments totaling more than \$1,500 to you and former Trustee Brian Beedle for your attendance as Local 322 delegates at various labor council meetings in the Minneapolis/St. Paul metro area. Local 322's wage policy provides that all officers and members receive the journeyman rate, plus benefits, for all hours worked on union business, including attendance at local labor council meetings. Ms. Cole advised that she generally records the dates and location of the meetings on the check stubs. However, the audit found that the dates for the local labor council meetings were generally not recorded on the checks stubs nor were they specifically identified in any other union record.

The union must maintain records in support of wage claims that identify each date wages were incurred, the number of hours compensated on each date, the applicable rate of pay, and a description of the union business conducted.

3. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$200 during the audit year. The audit found that Local 322 requires officers and employees to complete an expense form documenting all travel expenses, including mileage. However, the expense forms maintained by Local 322 failed to adequately identify the starting and ending destinations for most mileage claims during the audit year.

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. Inventory of Union Apparel

The audit revealed that Local 322 purchased a significant volume of union apparel during the audit year, including hats, t-shirts, sweatshirts and jackets. Some of these items were sold during the audit year and others were given away; however, Local 322 failed to maintain an active inventory of these apparel items to account for what the union had on hand at the end of the audit year.

In the case of union apparel items that are considered to be other assets of the union for LM reporting purposes, the local must maintain an inventory of items in such a manner that the value of the inventory on hand can be calculated at the end of the fiscal year and properly reported in Schedule 7 (Other Assets) and Item 28 (Other Assets).

Based on your assurance that Local 322 will retain adequate documentation in the future, 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-2 filed by Local 322 for the fiscal year ended June 30, 2018, was deficient in the following areas:

1. Other Assets

The audit revealed that Local 322 had a significant inventory of union apparel on hand at the end of the audit year. However, Local 322 failed to report the value of the union apparel as other assets in Item 28(b) (Other Assets at the end of the reporting period) and Schedule 7.

Local 322 must report in Item 28 the value of union apparel as other assets at both the beginning and end of the reporting period (Item 28(a) and Item 28(b)). In addition, the labor organization's other assets must be described in Column A (Description) of Schedule 7 and may be classified by general groupings or bookkeeping categories, such as supplies for resale, and the value of those assets as shown on the union's books at the end of the reporting period must be reported in Column B (Book Value) of Schedule 7.

2. 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. The audit found that Local 322 did not have any bylaws on file with OLMS at the onset of the audit.

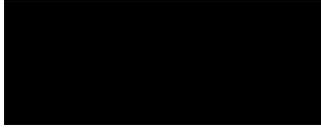
Local 322 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 322 file an amended LM report for 2018 to correct the deficient items, but Local 322 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Carpenters Local 322 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,

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Senior Investigator

cc: Mr. Aaron Hill, Treasurer
Mr. Paul Trudeau, Vice President