

U.S. Department of Labor

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March 27, 2008

Mr. Eric Duffy, Financial Secretary
Carpenters Ind Local 2127
419 N. Pearl St.
Centralia, WA 98531

LM File Number: 018-558
Case Number: [REDACTED]

Dear Mr. Duffy:

This office has recently completed an audit of Carpenters Ind Local 2127 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 on March 17, 2008, 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 Local 2127 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 2127 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). 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 2127 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).

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. Local 2127 amended its bylaws in 2004, but did not file a copy with its LM report for that year.

Local 2127 has now filed a copy of its bylaws.

I am not requiring that Local 2127 file an amended LM report for 2007 to correct the deficient items, but Local 2127 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

The audit disclosed the following other issue:

Use of Signature Stamp

During the audit, you advised that it is Local 2127's practice for President Mark Cline to sign all union checks and then your signature is stamped on the checks by your office manager. You indicated that no other union officer but President Cline reviews the checks before they are issued. Section 37 (A) of the constitution requires that checks be signed by two or more officers of the local union. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 2127 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Carpenters Ind Local 2127 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,

R. Bruce Edgington
District Director

cc: Mr. Mark Cline, President