



August 12, 2010

Ms. Linda King, Treasurer
Boilermakers, AFL-CIO Local 82
8335 Alleghany Road
Corfu, NY 14036

Case Number: [REDACTED]
LM Number: 541161

Dear Ms. King:

This office has recently completed an audit of Boilermakers, AFL-CIO Local 82 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 President Gervase Wood on July 29, 2010, 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

1. General Disbursements and Meal Expenses

Local 82 did not retain adequate documentation for payments made check totaling at least \$3,597. For example, the union issued a check to Tops Markets for holiday gift cards for the members totaling \$2,280. No documentation was retained including the receipt from the supermarket or additional records authorizing the purchase. In addition, documentation should be maintained to support the distribution of those gift cards to members.

Furthermore, Local 82 did not retain receipts, itemized or otherwise, for meal expenses totaling at least \$1,317 to the Town & Country Restaurant. 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.

In addition, 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.

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. Lost Wages

Local 82 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees on many occasions throughout the period. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that while Local 82 completed a voucher for lost hours, many vouchers were incomplete and did not identify the rate of pay or the union business conducted.

3. Receipt Dates not Recorded

Entries in Local 82's receipts journal does not record the date the union received or deposited money. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 82's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Reporting Violation

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 Boilermakers Local 82 for fiscal year ending June 30, 2009, was deficient for the following reason:

Disbursements to Officers and Employees

Local 82 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). In addition, the union did not report additional reimbursements to officers already listed in Item 24 totaling at least \$275. It appears the union erroneously reported these payments in Item 46 (Disbursements to Employees).

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. In addition, the union must report most direct disbursements to Local 82 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).

I am not requiring that Local 82 file an amended LM report for 2009 to correct the deficient item, but Local 82 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Issues

1. Failure to Make Timely Deposits

The audit of Boilermakers Local 82 found that the union did not deposit dues checks from the company in a timely manner. On several occasions, the union would not make deposits for months at a time. For example, dues received in January 2008 through June 2008 were not deposited to the union's account until July 2008.

2. Voided Checks

OLMS recommends that unions retain any voided checks as an effective internal control in order to verify that these checks were not negotiated. It was found during the audit that the local union did not retain voided checks.

I want to extend my personal appreciation to Boilermakers, AFL-CIO Local 82 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: Ms. Gervase Wood, President