

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
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June 28, 2006

Mr. Samuel Martin, President
IBEW Local 127
3030 39th Ave
Kenosha, WI 53144

Re: Case Number ~~XXXXXXXXXX~~

Dear Mr. Martin:

This office has recently completed an audit of IBEW Local 127 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 Edward Gray on March 15, 2006, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 127's 2005 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 127 failed to retain an inventory of caps and t-shirts which were purchased and sold or given away. Records must be retained which account for all union property. In the case of Local 127, no inventory record was maintained for hats and t-shirts, including hats purchased from The Frank Doolittle Co. in the amount of \$580.30 on May 6, 2005. Union receipt records reflect the sale of t-shirts during the audit period totaling \$236.00, but there is no record of the names of all persons to whom t-shirts and hats were either sold or given away during the year. In some instances, a single receipt was issued for purchases of multiple t-shirts by members of other IBEW local unions who were working in the Local 127 jurisdiction at the time of the purchase. Neither the names of the individual purchasers nor a description of what was purchased by each individual member was included on the receipt.

Local 527 must maintain an inventory record that reflects the total number of t-shirts and hats on hand at the start of each year, how many were sold or given away during the year, to whom they were sold or given away, and the total number on hand at the end of the year. This information is required to be retained to clarify information required to be reported on the Labor Organization Annual Report (Form LM-2) in Items 28 (Other Assets) and 39 (Sale of Supplies) concerning your union's receipts and assets.

2. Credit Card Charges

In the case of Local 127, no documentation was found for a charge of \$271.12 on June 20, 2005 at Milwaukee PC. The credit card receipt as well as the invoice or statement from Milwaukee PC reflecting the nature of the purchase should have been maintained for this disbursement.

As agreed, provided that Local 127 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding these violations.

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Reporting Violation


The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 127 amended its bylaws in 2001, but a copy of the bylaws was not filed with Local 127's LM-2 report for that year. Two copies of the current bylaws have now been filed.

Other Issues

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. The CAP revealed that the total funds handled during the fiscal year totaled \$1,498,046. Ten percent of this amount is \$149,805, the minimum amount for which all officers and the office secretary must be covered. Local 127's officers and employees are currently covered for only \$120,000. Therefore, the union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than July 14, 2006.

I want to extend my personal appreciation to IBEW Local 127 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Edward Gray, Business Agent