

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 12, 2005

Tom McReynolds, Financial Secretary
United Brotherhood of Carpenters and Joiners
Local 313
PO Box 8313
Moscow, Idaho 83843

Re: [REDACTED]

Dear Mr. McReynolds:

This office has recently completed an audit of the United Brotherhood of Carpenters and Joiners Local 313 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, as Amended (LMRDA). As discussed by Investigator 7(c) during the exit interview with you on April 1, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, 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 recipients of the goods or services.

The following record keeping deficiency was revealed during the audit of Local 313's FYE 06/30/2004 records:

1. Union officers and/or employees failed to maintain receipts/bills detailing the disbursement of LU 313 funds for commonly recurring monthly bills.

Specific instances discussed –

- LU 313 had a number of recurring monthly bills and in each instance where LU 313 received a bill from a vendor, the bill was not maintained. As a result no record is available to verify the accuracy of the amount of the LU 313 disbursement to the LU 313 debtor for the FYE 06/30/2004. It was discussed that all receipts for all disbursements (regardless of type) must be maintained by LU 313.

2. Union officers and/or employees failed to maintain receipts/bills detailing the disbursement of LU 313 funds for the annual picnic

Specific Instances discussed –

- LU 313 had \$1,173.45 in annual picnic related disbursements. No documentation or receipts of any kind were maintained by the LU 313 officers or employees for the annual picnic that took place in August 2003. It was discussed that all receipts for all disbursements (regardless of type) must be maintained by LU 313.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 313's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

The CAP further disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 313 for fiscal year ending June 30, 2004 failed to meet the standards of acceptability.

The following deficient items were identified:

1. LU 313's assets for FYE 06/30/2004, were incorrectly categorized throughout items #25-31.

Specific instances discussed –

- A. LU 313 erroneously listed item #25 (starting cash) as \$96,366. However, according to the LU 313 "cash." balances as of 07/01/2003, LU 313 had \$39,090.65 in available

LU 313 inaccurately included their mutual fund assets in Item #25 as opposed to item #28 where they belong. Subsequently Items #28 (Investments) & #31 (Total Assets) were also incorrectly completed.

2. LU 313's receipts for FYE 06/30/2004, were incorrectly categorized throughout items #38-44.

Specific instances discussed –

- A. LU 313 erroneously listed item #38 (dues) as \$23,753. However, according to the LU 313 monthly checking account statements and LU 313's Deposit record for FYE 06/30/2004, LU 313 received \$23,718 in dues receipts.
- B. LU 313 erroneously listed item #39 (per capita) as \$4,472. However, according to the LU 313 monthly checking account statements and LU 313's Deposit record for FYE 06/30/2004, LU 313 received \$4,149 in per capita receipts.

- C. LU 313 erroneously listed item #41 (interest & dividends) as \$312. However, according to the LU 313 ⁴ monthly checking account statements and LU 313's Deposit record for FYE 06/30/2004, LU 313 received \$3,081 in interest & Dividends from ⁷ and LU 313's Mutual Funds.
- D. LU 313 erroneously listed item #43 (other receipts) as \$0. However, according to the LU 313 ⁴ monthly checking account statements and LU 313's Deposit record for FYE 06/30/2004, LU 313 received \$748 in other receipts from a number of identifiable sources.
- E. LU 313 erroneously listed item #44 (total receipts) as \$28,537. However, according to the LU 313 ⁴ monthly checking account statements and LU 313's Deposit record for FYE 06/30/2004, LU 313 received \$31,696 in total receipts.
3. LU 3463's disbursements for FYE 12/31/2003, were incorrectly categorized throughout items #45-55.

Specific instances discussed –

- A. LU 313 erroneously listed item #45 (to officers) as \$0.00. However, according to the LU 313 ⁴ monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$840 to officers.
- Both Mr. Lloyd and Mr. Wallace were reimbursed through the issuance of a LU 313 check for LU 313 purchases and expenses made with personal funds. None of these reimbursements were recorded in Item #24, but were instead recorded as "office expenses" and "other disbursements." It was discussed that all in-direct as well as direct expenses incurred by officers during the completion of their official duties must be accounted for and recorded under the officers, Item #24 "allowances and other disbursement" category.
- B. LU 313 erroneously listed item #46 (to employees) as \$24,255. However, according to the LU 313 ⁴ monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$24,710.
- C. LU 313 erroneously listed item #47 (per capita) as \$7,749. However, according to the LU 313 ⁴ monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$8,351 to per capita.
- D. LU 313 erroneously listed item #48 (office and admin expense) as \$3,120. However according to the LU 313 ⁴ monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$8,448 in office and administrative expenses.
- E. LU 313 erroneously listed item #50 (Benefits) as \$10,871. However according to the LU 313 ⁴ monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$9,817 in benefit expenses.
- F. LU 313 erroneously listed item #51 (contributions, gifts, and grants) as \$0.00. However, according to the LU 313 ⁴ monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$617 in contributions, gifts, and grants.

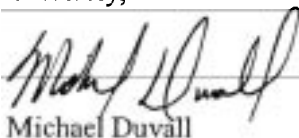
- G. LU 313 erroneously listed item #52 (Investments and Fixed Assets) as \$0.00. However according to the LU 313 monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$150 in investments and fixed assets.
- H. LU 313 erroneously listed item #54 (other disbursements) as \$7092. However, according to the LU 313 monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$8,708 in other disbursements.
- I. LU 3463 erroneously listed item #55 (total disbursements) as \$53,362. However, according to the LU 313 monthly checking account statements and LU 313's Disbursement record for FYE 06/30/2004, LU 313 distributed \$61,916 in total disbursements.

It will be necessary for Local 313 to file an amended LM-3 report for 06/30/2004 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. You may also download the forms electronically from our website at www.dol.gov/esa/olms to complete the amended reports. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than 04/22/05. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successor at whatever time you may leave office.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,



Michael Duvall
District Director