

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cincinnati District Office
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January 26, 2005

William Koester, Business Manager
Plumbers & Pipe Fitters Local 392
1228 Central Parkway, Room 200
Cincinnati, OH 45202

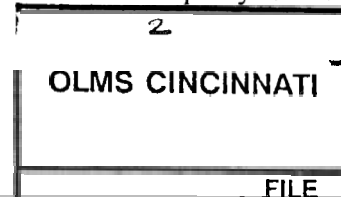
Re:

Dear Mr Koester:

This office has recently completed an audit of Plumbers Local 392 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 during the exit interview with you, Tom Sullivan, Financial Secretary and John Layne, CPA on January 21, 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.

The CAP disclosed that Local 392 failed to maintain receipts records received from Provident Bank for interest earned on certificates of deposit. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source. Since you believe that the records discussed were simply misfiled, no further action is necessary at this time.

The CAP also disclosed that the Local 392 filed a deficient report for FYE 12/31/03. The following is a summary of the more significant deficiencies we discussed. Disbursements for the operation and maintenance of union automobiles were not properly reported. The LM-2 instructions provide two methods for reporting automobile related expenses. Direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance) must be reported in Schedules 9 and 10. The expenses may be divided and reported in columns F and G based on mileage driven on union business compared with mileage in personal use. Alternatively, rather than allocating the expenses between columns F and G, if 50% or more of an officer's or employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in column F of schedule 9 or 10 with an explanation in item 75 (Additional Information) that the vehicle was used part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50% of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in item 75 that the vehicle was used partly for official business.



Local 392 failed to include some reimbursements to officers and employees in the amounts reported in Schedule 9 (All Officers and Disbursements to Officers) and Schedule 10 (Disbursements to Employees). Such payments appear to have been erroneously reported in Schedule 15 (Other Expenses).

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 9 and 10. However, indirect disbursements for business expenses incurred for transportation by a public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses). Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements).

Personal, non-business related expenses paid by Local 392 which were not necessary for performing union business were not reported in Column G of Schedule 9. You indicated that personal use of the automobile and expense money not accounted for is added to the officer/employee W-2. These amounts were not reported on the LM-2 as required.

Local 392 failed to properly report the disposal of union owned automobiles. Item 13 (Acquire any goods or property in any manner other than by purchase or dispose of any goods or property in any manner other than by sale) should have been answered "Yes" instead of "No," because the union gave an automobile as a retirement gift and traded in three vehicles on the purchase of additional vehicles during the year. The type and value of any property given away or traded in must be identified in the additional information section of the LM report with the identity of the recipient(s) or donor of such property. In addition, for assets that were traded in, the cost, book value, and trade-in allowance must also be reported. The local also must include the computer purchased and given away in Item 75 (Additional Information).

Local 392 was also advised not to report the lockbox account receipts (Item 52) or disbursements (Item 71) on the LM-2. This determination was made by OLMS based on information received from you that the local union officers do not have control of the funds in the account. The majority of these funds belong to Local 392 Fringe Benefit funds and the fund transfers are administered by the Fringe Fund Administrative Manager.

You will be receiving a separate letter from this office describing additional reporting errors on the LM-2 for FYE 12/31/03 with instructions on how to properly report these errors. If after receiving the letter you have any questions, please contact Investigator **7cc** who will be happy to assist you in filing an acceptable amended report.

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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

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Investigator