

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
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June 23, 2005

Jon Schneider, Treasurer
PACE Local 08-1103
4305 East "B" Street
Tacoma, Washington 98404

Re:

Dear Mr. Schneider:

This office has recently completed an audit of PACE Local 08-1103 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 and Mr. Townsend on June 23, 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 a violation of Title II of the LMRDA. Title II 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 deficiencies were revealed during the audit of Local 1103's 2003 records:

- The union failed to maintain membership and executive board meeting minutes. Meeting minutes should be maintained for all meetings. If the recording-secretary is unable to attend a meeting, another officer should maintain the notes for that meeting.
- The union failed to maintain adequate documentation for the approval and distribution of gifts. Records, such as meeting minutes, should show the dollar amount and quantity of all gifts and contributions. There should also be a record showing how, and to whom, gifts and contributions are to be made.
- The union failed to maintain adequate documentation for mileage claims. In the case of reimbursed mileage expenses for personal vehicles used for business travel, records must be maintained which identify the date of travel, locations traveled to and from, number of miles driven, and the business purpose of each use.

- The union failed to document the transfer of funds from one CD to another, or from CD's to bank accounts, as transfers.
- The union failed to document the account numbers for its CD's in its records.

As agreed, provided that Local 1103 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this 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 1103 amended its constitution and bylaws in 1992, but a copy of the constitution and bylaws was not filed with Local 1103's LM-3 report for that year. Two copies of Local 1103's constitution and bylaws have now been filed.

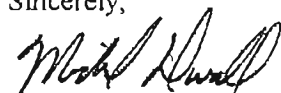
The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 1103 for fiscal year ending December 31, 2003 failed to meet the standards of acceptability.

- Local 1103 erroneously reported funds in certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, certificates of deposit are considered to be cash (regardless of the length of their term).
- Local 1103 also erroneously reported the transfer of funds from one CD to another as a sale of investments (item 42) and purchase of investments (item 52). The purchase or redemption of a certificate of deposit is simply a transfer of cash from one account to the other and therefore should not be reported either as a receipt or disbursement.
- The receipts (item 44) and disbursements (item 55) totals reported were incorrect.

As agreed, Local 1103 will correct its 2003 LM-3 and submit an amended report to this office by July 14, 2005. The amended report should be returned in the enclosed envelope.

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

Enclosure

cc: Thomas Townsend