

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 21, 2005

Mr. George Shimilunas, President
Carpenters Ind, Local 1349
1614 Washington Street
Two Rivers, WI 54241

Dear Mr. Shimilunas:

This office has recently completed an audit of Carpenters Local 1349 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 Treasurer Michael Molanders, on December 20, 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.

Recordkeeping Violations

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 recordkeeping violations were revealed during the audit of Carpenters Ind, Local 1349 2004 records:

Union officers and employees failed to retain adequate documentation for some reimbursed expenses, for expenses charged to union debit cards, and for meeting expenses which were direct-paid by the union. For example, a \$400.00 debit charge was charged to the Wall Street Grill with only "dinner for bargaining committee" recorded on the pay voucher. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

With respect to documentation retained in support of specific disbursements, the record retention requirement includes not only the retention of original bills, invoices, receipts and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the

disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information.

Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Carpenters Ind, Local 1349 for fiscal year ending December 31, 2004 was deficient in the following areas:

1. Bonding

Item 20 (What is the maximum amount recoverable under your organization's fidelity bond...) was not properly completed. Local 1349 reported that the total amount recoverable is \$10,000. According to the Fidelity and Deposit Company of Maryland bond certificate, the total amount recoverable is \$50,000.

2. All Officers and Disbursements to Officers

Item 24 was not properly completed in that the names of some officers who held office during the year were not reported in item 24 with the total amount of payments to or for them. The names of all persons who held office during the year must be reported in item 24 regardless of whether or not they received any payments from the union.

3. Payments to Officers

Local 1349 failed to include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, Treasurer Molanders received monthly reimbursements for computer rental; however, those amounts do not appear to be included in the amount reported in Column E (Allowances and Other Disbursements) of Item 24. The reimbursements to Mr. Molanders appear to have been erroneously included in the amounts reported in Item 48 (Office and Administrative Expenses) and/or Item 54 (Other Disbursements).

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in Item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

I am not requiring that Local 1349 file an amended LM-3 report for fiscal year ending December 31, 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to you and Michael Molanders for their 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

cc: Michael Molanders, Treasurer
Greg Coenen, Business Agent
Kroening, Stangel, Swetlik, & Zinkel, LLP, CPAs

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