



August 3, 2005

Mr. Mike Rush, Financial Secretary-Treasurer
Carpenters Local 185
1401 Hampton Avenue
Room 206
St. Louis, Missouri 63139

Dear Mr. Rush:

This office has recently completed an audit of Carpenters Local 185 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 Kim Frisch on July 27, 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 so that each receipt and disbursement of funds, as well as all account balances can be verified, explained, and clarified.

The following record keeping violations were revealed during the audit of Local 185's 2003-2004 records:

Union officers and employees failed to retain adequate documentation for reimbursed expenses. The local must retain invoices or other forms of back-up documentation detailing reimbursements even if they have been approved by the membership. For example, a payment of \$500 was made to Kevin Haynes on December 16, 2003. This payment was listed on the bill sheet as a reimbursement for refreshments. However, the local does not have a detailed record showing how this money was spent. The local maintains an envelope with invoices and receipts; however, with this method of record retention, one cannot determine which specific invoices support the reimbursement.

The date, amount, and business purpose of every expense must be recorded on at least one union record. The record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation showing the nature of the union business requiring the disbursement and the goods or services received. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt.

The local also failed to maintain an accurate disbursement record. Some disbursements were not included on the local's bill sheets, and most check stubs were not completed. Bank charges were not recorded on any union record. Also, some checks which were voided and not issued were not retained. The local should maintain voided checks along with other check records.

Local 185 failed to retain an inventory of hats, jackets, and other property which was purchased and sold or given away. Records must be retained which account for all union property. In the case of union hats, jackets, and other items sold to members, the date and amount received from every sale must be recorded in at least one record.

The local omitted from its records some checks received from banks for interest earned on certificates of deposit as well as interest earned on bank accounts and investments. Union receipt 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.

Lastly, officers and employees of the local should avoid holding on to un-deposited union checks for excessive lengths of time. The audit revealed that interest checks from investments were often not deposited for two to three months upon their receipt. As a positive business practice, deposits should be made in a timely and regular manner.

As agreed, provided that Local 185 maintains adequate documentation for its disbursements in the future and properly keeps records of all receipts, no additional enforcement action will be taken regarding this violation.

The CAP also disclosed a violation of LMRDA Section 201(b), because the completed Labor Organization Annual Report (Form LM-3) to be filed by Local 185 for fiscal year ending December 31, 2004, was deficient in the following area:

The report inaccurately stated both the total receipts and total disbursements of the local. For example, the LM-3 report did not include the purchase or sale of hats and jackets, because the local did not keep a record of this activity.

I am not requiring that Local 185 file an amended LM-3 report for 2004 to correct the deficient items; however, as agreed, your union will properly report the deficient items on all future reports filed with this agency.

The audit also 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. Local 185's officers and employees are currently bonded for \$80,000, but they must be bonded for at least \$92,472. 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. Upon receipt of the new bond certificate in the required amount, this matter will be resolved.

During the audit, I advised you that authorization of the salary amounts paid to union officers and employees could not be found in union records I reviewed. Since you indicated that salaries were established and authorized sometime in the 1970s, I suggest that Local 185 take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document.

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

I want to extend my personal appreciation to you and Kim Frisch for your cooperation and courtesy during this compliance audit. If you have any further inquiries or would like to discuss any matters occurring in your jurisdiction, please do not hesitate to call.

Sincerely,

Dennis L. Eckert
District Director

By: *ACCI*
Investigator

cc: Kim Frisch, Office Manager
Stanley Pisciotta, President

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