

**U.S. Department of Labor**

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March 23, 2009

Mr. Lewis Ensminger, President  
United Brotherhood of Carpenters and Joiners of America  
Local 132  
8500 Pennsylvania Avenue  
Upper Marlboro, MD 20772

LM File Number 017-050  
Case Number:

Dear Mr. Ensminger:

This office has recently completed an audit of Carpenters Local 132 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 Financial Secretary-Treasurer Henrick Sorensen, Trustee Jeffrey Ermer, and you on March 19, 2009, 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 recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records 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, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If

an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 132's 2006 records revealed the following recordkeeping violation:

#### Disposition of Property

Local 132 did not maintain an inventory of hats, shirts, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union hats, shirts and other items.

Based on your assurance that Local 132 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-2) filed by Local 132 for fiscal year ending June 30, 2006, was deficient in that:

1. Disbursements to Officers

Local 132 improperly included some payments to officers in Column D (Gross Salary) of Schedule 11 (All Officers and Disbursements to Officers). These payments were disbursements necessary for conducting official business of the labor organization and should therefore be reported in Column F (Disbursements for Official Business). The union also underreported the gross salary payments to a few officers in Column D of Schedule 11.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

## 2. Disbursements to Employees

Local 132 Member Gary Meyers received lost time payments from the union for conducting official business. However, the union failed to include Mr. Meyers and the disbursements the union made to him in Schedule 12 (Disbursements to Employees). Any individuals other than officers that receive lost time payments from the union must be listed in Schedule 12 and all direct and indirect payments to them must be included in the columns next to their name.

I am not requiring that Local 132 file an amended LM report for 2006 to correct the deficient items, but Local 132 has agreed to properly report the deficient items on all future reports it files with OLMS.

## Other Issues

### 1. Signing Blank Checks

During the audit, you advised that officers sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 132 review these procedures to improve internal control of union funds.

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December 8, 2009

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I want to extend my personal appreciation to Carpenters Local 132 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

Investigator

cc: Henrick Sorensen, Financial Secretary-Treasurer