

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 25, 2009

Mr. Anthony Verrelli, President
Carpenters IND
Local 31
41 Ryan Avenue
Trenton, NJ 08610

Re: Case Number: [REDACTED]

Dear Mr. Verrelli:

This office has recently completed an audit of Carpenters Local 31 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 on June 4, 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.

The CAP disclosed the following:

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-3 filed by Local 31 for fiscal year ending June 30, 2008, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. The audit for fiscal year ending June 30, 2008 disclosed that in Form LM-3, Statement A-Assets and Liabilities, Item 25A Cash was at least \$345,095 and Item 25B Cash was at least \$349,385.

Therefore, the union must amend its LM-3 report for fiscal year ending June 30, 2008 to accurately reflect the Start and End of Reporting Period Cash amounts in Item 25A and Item 25B, respectively. Additionally, the union will be required to amend Form LM-3 for fiscal years ending June 30, 2007 to correctly report the amount in Item 22 B Cash End of Reporting Period.

2. Cash Receipts (Form LM-3 Item 38)

Local 31 under reported the total amount of dues received by the union during the audit period ending June 30, 2008. The organization's LM-3 report Item 38 Dues reflects \$114,056. However, the audit disclosed that total receipts were at least \$111,489.

3. Cash Receipts (Form LM-3 Item 40)

Local 31 failed to include any funds received for fees and fines during the audit period ending June 30, 2008. The organization's LM-3 report Item 40 must reflect payments received by members for initiation fees and fines incurred for late payments in Item 40. The audit disclosed that there was \$2,715 received in this category.

4. Cash Receipts (Form LM-3 Item 41)

Local 31 over reported the total amount of interest earned during the audit period ending June 30, 2008. The organization's LM-3 report Item 41 reflects \$18,483. However the audit disclosed that Item 41 Interest and Dividends totaled at least \$14,639.

5. Cash Receipts (Form LM-3 Item 43)

Local 31 over reported the amount of other receipts received by the union during the audit period ending June 30, 2008. The organization's LM-3 report Item 43 Other Receipts reflected \$74,784. However, the audit disclosed that Item 43 Other Receipts were at least \$72,262.

6. Total Receipts (Form LM-3 Item 44)

Local 31 inaccurately reported the total amount of receipts in Form LM-3 Item 44 during the audit period ending June 30, 2008. The organization's LM-3 report, Item 44 Total Receipts reflected \$207,323. However, the audit disclosed that total receipts were at least \$201,108.

7. Disbursements to Officers (LM-3 Item 24 and Item 45)

Local 31 did not include some reimbursements to officers (President Anthony Verrelli, Financial Secretary Mike Evert and Warden Donald McBride) totaling at least \$786 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 Other Disbursements.

Additionally, Local 31 did not report the name of one officer (Trustee Ronald Fiori) and the total amount of payments to the individual on their behalf in Item 24 (All Officers and Disbursements to Officers). During the audit period, Fiori received \$1,494 representing gross salary payments. Also, the union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 31 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 Expense).

8. Disbursements to Employees (Form LM-3 Item 46)

The union did not include any lost wage payments to two members in Item 46 during the audit ending June 30, 2008. Form LM-3 instructions for Cash Disbursements Item 46 To Employees states the following "...Include disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them."

9. Total Disbursements (Form LM-3 Item 55)

Local 31 inaccurately reported the total amount of disbursements in Form LM-3 during the audit period June 30, 2008. The organization's LM-3 report, Item 55 Total Disbursements reflected \$199,570. However, the audit disclosed that the organization's total disbursements were approximately \$196,818.

Therefore, the union must amend its LM-2 report to accurately reflect total receipts and disbursements as discussed above in fiscal year ending June 30, 2008 by June 26, 2009.

10. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 31 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year. Local 31 has now filed a copy of its constitution and bylaws. Therefore, no further follow-up action is required in this matter.

I want to extend my personal appreciation to Carpenters Local 31 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,

Mr. Anthony Verrelli
June 25, 2009
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Investigator

cc: Jeffrey Burns, Treasurer