

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
1222 Spruce Street  
Room 9 109E  
St. Louis, MO 63103  
(314)539-2667 Fax: (314)539-2626



December 2, 2008

Mr. Jason Jones, Treasurer  
Carpenters Local 433  
422 Laurel Drive  
Waterloo, IL 62298

LM File Number 037-262  
Case Number: [REDACTED]

Dear Mr. Jones:

This office has recently completed an audit of Carpenters Local 433 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 Alex Gromada on November 24, 2008, 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 433's 2007 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 433 did not maintain an inventory of union logo merchandise 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 30 (Other Assets) of the LM-3. 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 30.

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

2. Failure To Retain Adequate Documentation

Local 433 did not retain adequate documentation for expenses totaling at least \$2,065. For example, \$2,000 worth of items was purchased from Midwest Industrial Safety Supply, which was given as attendance prizes at the 2006 Christmas party. No back-up documentation was retained by Local 433 for this disbursement.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 433 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### 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 433 for fiscal year ending December 31, 2007 was deficient in the following areas:

#### Cash Reconciliation

It appears that the figures reported in Item 44 Total Receipts and Item 55 Total Disbursements are not the figures according to the local's books. The local's book receipts are approximately \$2,400 higher, and disbursements are approximately \$3,900 lower than the figures reported in Items 44 and 55 on the LM Report. However, the figures reported in Item 25A Beginning Cash and 25B Ending Cash are correct.

I am not requiring that Local 433 file an amended LM report for 2007 to correct the deficient items, but Local 433 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violations

#### 1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 433's officers and employees are currently bonded for \$70,000, but they must be bonded for at least \$75,223. Local 433 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than December 12, 2008.

I want to extend my personal appreciation to you for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this

Mr. Jason Jones  
December 2, 2008  
Page 4 of 4

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: Tim Redman, President