



September 14, 2011

Mr. Richard Manganaro, President  
Carpenters Local 51  
750 Dorchester Avenue  
Boston, MA 02125

Case Number: [REDACTED]  
LM Number: 032720

Dear Mr. Manganaro:

This office has recently completed an audit of Carpenters Local 51 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 Business Manager Victor Carrara on September 14, 2011, 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 Carpenter Local 51's 2010 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 51 did not maintain an inventory of hats, T-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 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 report in at least one record the date and amount received from each sale of union hats, jackets, and other items.

2. Receipt Dates not Recorded

Entries in Local 51's Quicken receipts ledger reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Carpenters Local 51 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 LM-3 filed by Carpenters Local 51 for fiscal year ending June 30, 2010, was deficient in the following areas:

1. Apprenticeship Training Trust

Item 11 (During the reporting period did the labor organization create or participate in the administration of a trust or other fund or organization, as defined in the instructions, which provides benefits for members or their beneficiaries?) was incorrectly answered, "No." Local 51 had an Apprenticeship Training Trust during 2010. As stated in the LM-3 Report instructions, answer Item 11 "Yes" if your labor organization created or participated in the administration of a "trust in which a labor organization is interested" which is defined in section 3(l) of the LMRDA as "a trust or other fund or organization (1) which was created or established by a labor organization, or one or more of the trustees or one or more

members of the governing body of which is selected or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.”

Item 11 should have been marked “Yes” and the local should have provided in Item 56 the name, address, and purpose of the trust and should note where a report for the trust had been filed (if an ERISA trust, provide the ERISA file number and plan number, if any).

## 2. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, “Yes,” because the union gave away pins totaling \$37.40, hats, and T-Shirts during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.

I am not requiring that Local 51 file an amended report for 2010 to correct the deficient items, but Local 51 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Carpenters Local 51 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: Mr. Victor Carrara, Business Manager