

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
1111 Third Avenue
Room 605
Seattle, WA 98101-3212
(206)398-8099 Fax: (206)398-8090



August 11, 2008

Mr. Robert Zappone, Financial Secretary
Carpenters IND
Local 562
2810 Lombard Avenue, Room 207
Everett, Washington 98201

Re: Case Number: [REDACTED]

Dear Mr. Zappone:

This office has recently completed an audit of Carpenters Local 562 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 13, 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 562's 2007 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 562 did not retain adequate documentation for credit card expenses incurred by union officers. Local 562 failed to retain 22 receipts for credit card expenses totaling at least \$3,194.77. In addition, there was no union purpose for credit card expenses totaling at least \$6,690.14.

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.

2. Disposition of Property

Local 562 did not maintain an inventory of shirts and plumb bob reels 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 (Other Assets). 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 shirts and plumb bob reels.

Based on your assurance that Local 562 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-2 filed by Local 562 for fiscal year ending June 30, 2007, was deficient in that:

Sale/Purchase of Investments

Local 562 failed to report reinvestment amounts in line 14 of Schedules 3 (Sale of Investments and Fixed Assets) and 4 (Purchase of Investments and Fixed Assets). The union should enter on Line 14 the total amount from the sale or redemption of investments that was promptly reinvested (i.e., "rolled over") in U.S. Treasury securities, marketable securities, or other investments during the reporting period. The total amount reinvested should be calculated by adding, for each investment, the lower of each investment's original cost or the amount received from the sale or redemption that was actually reinvested.

I am not requiring that Local 562 file an amended LM report for 2007 to correct the deficient items, but Local 562 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 562 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Brad O'Dell, President, Local 562