



March 28, 2005

Al Tarnowski, President
PACE Local 7-18
11400 W Bluemound Rd
Milwaukee, WI 53226

Dear Mr. Tarnowski:

As you are aware, this Office has recently completed an audit of PACE Local 7-18 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Treasurer William Brown, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 7-18's 2003 records:

- 1 Local 7-18 conducted a raffle during the year for which inadequate records were maintained. Local 7-18 did not maintain a record showing the total number of raffle tickets printed, the name of each ticket seller, the number of tickets provided to each seller, the amount of money and the number of unsold raffle tickets returned to the union by each seller, and an accounting of the overall total number of tickets sold and the number of unsold tickets remaining after all ticket sales were ended. Additionally, a separate listing of the names of all winners and the prizes they won was not found in the records.

2. There is no invoice or receipt to indicate the purpose for check number 7969, which was dated March 5, 2003 and made payable to Playmaker Sports for \$224.00. Writing on the check stub indicates that the purchase was for union t-shirts, but nothing else was found in the Local 7-18 records to document how many were purchased or the reason for the purchase.
3. A credit card receipt was found in the records on which no description of the item(s) purchased was noted.
4. Some expense reimbursement vouchers did not contain complete information including the date and amount of the expense, and some vouchers for out of town per diem did not include the daily amount of the per diem claimed.

As agreed, provided that Local 7-18 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding these violations.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report Form LM-3 filed by Local 7-18 for fiscal year ending December 31, 2003 was deficient in the following areas:

1. Some officers of Local 7-18 are not listed in item 24 of the form as required. The names of seven at-large executive board members, including one from Prax Air, and eight grievance persons are not listed in item 24.
2. Amounts disbursed to officers for wages lost while conducting union business are not included in item 24 (D) as required.
3. Item 29 does not report the book value at the start and end of the period of your organization's fixed assets. The book value of all fixed assets at the start and end of the period must be reported in item 29 (A) and (B).

It will be necessary for Local 7-18 to file an amended LM-3 report for 2003 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. You may also use the new electronic forms software available from OLMS to complete the amended reports. The amended report should be submitted to this office at the above address as soon as possible, but no later than April 29, 2005. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

I strongly recommend that you make sure that this letter is passed on to yours and Mr Brown's successors at whatever time you may leave office.

Tarnowski
March 28, 2005
Page 3 of 3

I want to thank you and Mr. Brown for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

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Investigator

cc: William Brown, Treasurer
2