

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 2,2008

Mr. Darren Druschel, Secretary Treasurer
Boilermakers AFL-CIO
Local Lodge 173-D
1530 Haggerty Road
New Galilee, PA 16141

LM File Number 021-494
Case Number: [REDACTED]

Dear Mr. Druschel:

This office has recently completed an audit of Local Lodge 173-D 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 November 21,2008, 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.

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 Lodge 173-D for fiscal year ending June 20,2008 was deficient in the following area:

Disbursements to Officers (LM-3)

Local Lodge 173-D did not include some reimbursements to officers totaling at least \$659.59 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local Lodge 173-D 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).

I am not requiring that Local Lodge 173-D file an amended LM report for 2008 to correct the deficient items, but Local Lodge 173-D has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

The audit disclosed the following other issue:

Signing Blank Checks

During the audit, you advised that President David Agiro signs blank checks. Your lodge's bylaws require that all checks be signed by the president and secretary treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local Lodge 173-D review these procedures to improve internal control of union funds.

Mr. Darren Druschel
December 2, 2008
Page 3 of 3

I want to extend my personal appreciation to Local Lodge 173-D for the cooperation and courtesy extended during the compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided are passed on to future officers. If we can provide additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: David Agiro, President
Mark Kelly, International Representative