

**U.S. Department of Labor**

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September 14, 2009

Frank Wirt, Financial Secretary  
Carpenters, Ind.  
Local Union 85  
21 Jet View Drive  
Rochester, NY 14624

LM File Number: 509-849

Case Number: [REDACTED]

Dear Mr. Wirt:

This office has recently completed an audit of Rochester Carpenters Local 85 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 Bookkeeper Linda Smith, Treasurer Christopher Austin, Trustee Karl Nasca, and you on August 27, 2009, 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 Carpenters Local 85's records for fiscal year ending June 30, 2009 revealed the following recordkeeping violation:

#### General Disbursements/ Credit Card Receipts

Local 85 did not retain adequate documentation for a few credit card charges and other disbursements totaling at least \$195.07. For example, there was no documentation for a check issued to Steven Faggiano for \$100 to attend the delegates meeting. In addition, receipts for credit card charges to Home Depot for \$29.68, and Lowes for \$27.99 were not maintained.

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 the union will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### 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 Carpenters Local Union 85 for fiscal year ending June 30, 2008 was deficient in the following area:

#### Disbursements to Officers

Local 85 did not include payments to officers totaling at least \$719.42 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

For example, the union did not report mileage reimbursements to Warden Thomas Mairs for \$226.42 and Trustee Edward Schmidt, Jr. for \$235.71. In addition, the union did not report a travel advance given to Mairs for \$100. These reimbursements should be listed next to the officer's name in Column F, Disbursements for Official Business. The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 85 file an amended LM-2 report for 2008 to correct the deficient items, but Local 85 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

##### 1. Travel Expenses/Advance Policy

As I discussed during the exit interview with Bookkeeper Linda Smith, Treasurer Christopher Austin, Trustee Karl Nasca, and you, the audit revealed that Local 85 does not have a clear travel expense policy for officers and employees. OLMS recommends that unions adopt written guidelines concerning such matters.

The audit revealed that the union provides officers' funds in advance of the travel for meals and incidental expenses. Most times these payments are documented with a voucher and expense sheet accompanied by receipts where any unused portion is returned to the union. On numerous occasions, unused portions of the advance were returned by officers well after the travel took place. In these instances, advances may be considered loans to officers and would be subject to limits and different reporting methods.

OLMS offered suggestions to you during the exit interview which included other methods for reimbursement of travel expenses. It is recommended that Local 85

consider options such as per diem or actual expenses as methods of compensating officers while traveling on official business.

2. Working Dues Collected/Employer Remittances

As discussed with you during course of the compliance audit and during the exit interview, it is recommended that the union maintain additional records to support the working dues collected and received by the Empire State Regional Council of Carpenters. Currently, Local 85 receives a check from the Council with an attached report showing the amount deposited on such as date and a total by account at the end of the report with no detail for contractor and members. In addition, the local receives a separate report showing the total hours submitted by each contractor and the division between the separate funds.

It is recommended that the local receive and maintain additional records to show the employer and member detail with each check received by the council and subsequently submitted to the local. A contractor remittance report showing the total dollars paid, the accounts which the money was distributed, and the members' contributions to each account would be sufficient in this regard. Additionally, obtaining this information each month may provide the local assistance in knowing what members are working and where certain jobs are in their progress of completion.

I want to extend my personal appreciation to Carpenters Local 85 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: David Alexander, President  
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