

U.S. Department of Labor

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July 17, 2009

Mr. Robert Tragni, Business Manager
Electrical Workers, Local 332
2125 North Canoas
San Jose, CA 95125

LM File Number: 015-694
Case Number: [REDACTED]

Dear Mr. Tragni:

This office has recently completed an audit of Electrical Workers, Local 332 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 and Accountant Stella Chan on July 10, 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.

The audit disclosed the following:

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 332's 2008 records revealed the following recordkeeping violation:

1. Disposition of Property

Local 332 did not maintain an inventory of hats, jackets, 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 28 of the LM-2. 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 hats, jackets and other items.

Based on your assurance that Local 332 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 Local 332 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Understated Receipts and Disbursements

The purpose of the Statement B is to report the flow of cash in and out of your organization during the reporting period. Internal records show that Local 332 received approximately five million dollars more than reported in Statement B and disbursed approximately five million dollars more than reported in Statement B. It appeared that part of the discrepancy in receipts and disbursements was related to "deferred dues". Additionally, receipts and disbursements into the Ladies Auxiliary Fund and Membership Assistance Fund were not reported on the LM-2.

2. Acquire/Dispose of Property

Item 15 [LM-2] (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 merchandise totaling more than \$5,000 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."

3. Sale of Supplies

Local 332 did not correctly report receipts from the sale of supplies or disbursements for supplies for resale. The audit revealed that during 2008, Local 332 disbursed at least \$8,700 for items that it re-sold to members, collecting receipts totaling at least \$9,500. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale). In addition, it must report the value of any supplies for resale on hand at the beginning and end of the year in Item 28 and Schedule 7 (Other Assets).

4. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 332 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. Local 332 has now filed a copy of its constitution and bylaws.

5. Investments

The book value of investments reported on Schedule 5 was \$417,816 higher than the cost reported for those investments. However, book value is the lower of cost or market value. Additionally, a two-year analysis of investments (cost basis) with Item 60 (purchase), Item 43 (sale), and show a discrepancy of \$45,334 for 2008.

Local 332 must file an amended Form LM-2 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than August 15, 2009. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Electrical Workers, Local 332 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 solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. James Talbott, Treasurer