



January 10, 2011

Mr. Bruce Wimsatt, Business Manager  
Plumbers Local 633  
3128 Alvey Park Dr., West  
Owensboro, KY 42303

Case Number: [REDACTED]  
LM Number: 035163

Dear Mr. Wimsatt:

This office has recently completed an audit of Plumbers Local 633 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, Administrative Assistant Kathy O'Bryan, and attorney Charles Berger on August 13, 2010, 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 633's 2009 records revealed the following recordkeeping violations:

## Recordkeeping Violations

### 1. Credit Card Expenses

Local 633 did not retain a hotel receipt for your hotel stay at the Crowne Plaza in Hollywood, FL in July 2008. The hotel bill totaled \$353.93. In addition, Local 633 failed to maintain documentation pertaining to two airfare charges made by you. The first was a \$673.80 charge for a round trip ticket to San Diego, CA in October 2008 on Southwest Airlines. The second was a \$408.00 charge for a Southwest Airlines round trip ticket to Ft. Lauderdale, FL. As 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. You agreed that in the future Local 633 would endeavor to keep all documentation related to credit card charges. No further action is warranted at this time.

### 2. Failure to Record Receipts

Local 633 failed to record in its receipt records contributions made to the Local 633 Golf Scramble Account. According to officials at Fifth Third Bank this account is in the name of the local and took in approximately \$3,314 in receipts during the audit period. Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. You stated that you would immediately transfer this account to the Joint Apprenticeship Training (JAT) program and would keep records and file reports for this account with the JAT.

## Other Issues

### 1. Signing Blank Checks

During the audit, you advised that union officers were pre-signing blank union checks. 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. You indicated that this practice will be stopped on the advice of your legal counsel.

### 2. Soliciting Funds from Contractors and Members

While checking account balances with Fifth Third Bank, I discovered an additional bank account not previously identified to me by you. You subsequently told me that the Local 633 Golf Scramble account is used to pay for sponsorships and expenses associated with golf outings and that all contributions to this account are voluntary and made by union members and union contractors. I noted that a solicitation by Local 633 for contributions from an employer might constitute a Taft Hartley violation. You indicated it was your intention to

transfer the account to the Joint Apprentice Training, a separate entity from the local and legally able to solicit such contributions. You also stated that none of the contributions were large enough to require contractors to file the Employer Report, Form LM-10, with the U.S. Department of Labor. I was unable to verify this because no records were kept regarding contributions to this account. You indicated that the JAT will maintain all financial records concerning this account in the future.

I want to extend my personal appreciation to Plumbers Local 633 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 used to redact the signature of the Senior Investigator.

Senior Investigator