

U.S. Department of Labor

Employment Standards Administration
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February 25, 2008

Mr. Michael Facchiano, President
Electrical Workers IBEW Local 1465
PO Box 1085
Fall River, MA 02722

LM File Number: 058-542

Case Number: [REDACTED]

Dear Mr. Facchiano:

This office has recently completed an audit of Electrical Workers IBEW Local 1465 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 the local's business agent and treasurer on February 22, 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.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 note can be written on it providing the additional information. In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all amounts.

The audit of Local 1465's 2006 records revealed the following recordkeeping violations:

1. Expenses

The local failed to maintain adequate documentation for meal and rent disbursements. Meal receipts for Sagres restaurant in August and October 2006 did not note the date and union purpose for the meals. The names of the individuals partaking of the meals were not noted on the receipts. The date,

amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

The Local failed to get and retain receipts for rent paid to the Progressive Club monthly for use of the club for membership meetings. The local agreed to document fully all meal receipts and get receipts from the Progressive Club management for monthly rent payments.

2. Receipts

Local 1465 failed to adequately identify in the receipts/ disbursement journal the source of each individual receipt of money. There was no record to adequately identify the cash receipt deposited into the savings account. The financial journal only states "Deposit" and notes the total deposited each month. The journal entry must be more descriptive in identifying the source of the receipts deposited (example-Dues). The savings account statement shows \$800 deposited in October 2006 but there is no notation as to the source of the cash (receipts were from the vending machine).

Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

As agreed, provided that Local 1465 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding the violations.

Reporting Violations

The CAP 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 1465 for fiscal year 12-31-2006 was deficient in the following areas:

1. LM-3 Item 24 (All Officers and Disbursements to Officers)

Local 1465 failed to report some lost time wages and re-imbursments to officers in Item 24 Columns D and E. Lost time wage payments to Business Agent Thomas Rodriques and President Michael Facchiano totaling \$3,355.12 and re-imbursments to Business Agent Rodriques and Treasurer Thomas Kitchen totaling \$1,452 appear to have been erroneously reported in Item 54 (Other Disbursements).

All direct disbursements to Local 1465 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

2. LM-3 Item 46 (To Employee)

Lost time wages paid to a union member for conducting union business were not reported in Item 46 (To Employees). Union member, Ron Belanger, received \$276 in lost wages during the audit year. Such payments appear to have been erroneously reported in Item 54 (Other Disbursements).

3. LM-3 Item 49 (Professional Fees)

Local 1465 did not accurately report their professional fees. The audit revealed the local paid \$894.25 and not the reported \$419 in professional fees during the audit year.

4. LM-3 Items 41 (Interest and Dividends) and Item 43 (Other Receipts)

Local 1465 under reported their interest and dividends and over reported other receipts. Interest earned during fiscal year ending 12-31-2006 was \$1,126 and not the reported \$111. Other receipts (cash from the vending machine) was \$800 and not the reported \$1,600.

5. LM-3 Item 29 A and B (Fixed Assets)

Local 1465 reported zero fixed assets in Item 29 A and B (Fixed Assets). The Local owns a vending machine which they purchased for \$5,456. The Local must report the value of the vending machine in Item 29 A and B (Fixed Assets).

Local 1465 must file an amended Form LM-3 for fiscal year ending December 31, 2006 to correct the deficient items discussed above. I provided the local's officers a blank form and instruction during the exit interview. The amended LM-3 should be submitted to this office at the above address as soon as possible, but not later than March 24, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

Inadequate Bonding

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The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 1465's officers and employees are currently bonded for \$5,000, but they must be bonded for at least \$9,655.

Local 1465 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than March 24, 2008.

I want to extend my personal appreciation to Electrical Workers IBEW 1465 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,

Mark Letizi
District Director

cc: Mr. Thomas Rodriques, Business Agent
Mr. Thomas Kitchen, Treasurer