

March 29, 2005

Reggie Hohenberger, President
Sheet Metal Workers AFL-CIO Local 33
3666 Carnegie Avenue
Cleveland, Ohio 44115

Re: 2

Dear Mr. Hohenberger:

This office has recently completed an audit of Sheet Metal Workers Local 33 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, as Amended (LMRDA). As discussed during the exit interview with you and Secretary-Treasurer Wayne Fletcher on March 11, 2005, the following problems were discussed 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 CAP disclosed:

1. Deficient reports in violation of Section 201(b) of the LMRDA. Local 33 filed deficient reports for its fiscal year ended December 31, 2003.

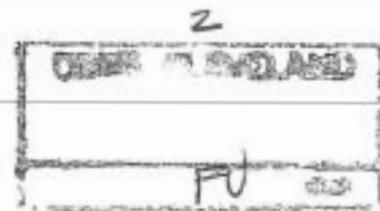
LM-2 Overstated Receipts:

Hardship Fund: Payments are made from the Hardship Fund to the General Fund to cover needy members' dues. The amounts received by the General Fund are reported as receipts on the LM report. However, these payments are transfers to the General Fund and should not be reported as receipts. As a result, receipts are overstated by \$43,685.69 (not including \$318.60 paid to Brothers Printing).

Orientation Fund: There were two reimbursement payments from the Orientation Fund to the General Fund. These two payments are transfers and resulted in overstated receipts in the amount of \$6,557.62.

Total overstated receipts: \$50,243.31 (\$43,685.69 + \$6,557.62)

Additional Information Required Regarding Collateralized Notes



As part of the assets listed on the LM-2 report, there are two collateralized notes related to the loss experienced by the union in a previous year pursuant to their investment with now defunct Capital Consultants, LLC. Previously you had written off a large amount of the loss, but you anticipated a settlement from the receiver. You carried the anticipated settlement payments as collateralized notes. Two payments were received in 2003 and you reduced the notes accordingly. A third payment is expected, but as of the current date, it has not been paid. The amounts at year end carried as collateralized notes were \$44,741 and \$31,659 relating to the Strike Fund. This total of \$76,430 is material and possibly may not be recovered. Per our discussion in the exit interview, you will write off the amount carried as collateralized notes and provide an explanation under Item 75, Additional Information, on the amended LM-2 report.

LM-2 Subsidiary Report – Beginning amounts for Fixed Assets, Other Assets, and Other Liabilities were not reported:

Fixed Assets at the beginning of the year were not shown. Fixed Assets at the beginning of the year should be \$1,417,488. Also Other Assets of \$65 should be shown for the beginning and end of reporting period. Total Assets for the beginning of the period will be \$1,494,045 and \$1,488,506 for the end of the reporting period. Also Liabilities should be \$1,242 at the beginning of the period.

Schedules 5 and 6 of the Subsidiary LM-2 report were missing.

This office has received amended reports to correct the cited deficiencies. Therefore no further action is being considered at this time.

2. Amount of “allowance” paid weekly to the President, Secretary-Treasurer and Business Representatives is not in conformity with the local’s bylaws.

Allowance of \$100 weekly is paid to the President, Secretary-Treasurer and Business Representatives. The current bylaws provide that only \$50 be paid weekly as an allowance. You referred to the April 13, 1999 minutes showing an additional \$50 per week was approved. The minutes, however, do not list the amount from which the additional \$50 is to be increased. Further, the minutes pre-date the current bylaws dated July 1, 2002. You advised that when the bylaws were printed the increase in allowance was inadvertently not revised.

The weekly allowance must conform to the bylaws. You advised the bylaws will be corrected and approved by the membership at the April 2005 membership meeting. The bylaws change should be noted on the LM-2 for fiscal year ended 12/31/05 by answering “yes” on Item 22 and attaching two dated copies to the Form LM-2.

I want to extend my personal appreciation for you and your entire staff’s cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

cc: Wayne Fletcher, Secretary-Treasurer