

U.S. Department of Labor

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July 20, 2009

Mr. Michael Bahr, President
Carpenters Local 1143
2421 Larson Street
La Crosse, WI 54603-1818

LM File Number: 008-137
Case Number: [REDACTED]

Dear Mr. Bahr:

This office has recently completed an audit of Carpenters Local 1143 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). 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 1143's 2008 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

Officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$900 during 2009. Local 1143 must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses. In the case of Local 1143, the mileage reimbursement payments were supported only by mileage logs on which the total number of miles claimed was recorded.

2. Meal Expenses

Local 1143 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$450. Itemized receipts provided by restaurants to officers and employees must be maintained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

3. Other Expenses

Adequate documentation was not retained for some disbursements related to advertising, donations, and social activities. For example, Local 1143 paid \$1,500 to Northwoods Indoor Advertising for advertising placed in bathrooms and other areas around town. However, no receipt or other supporting documentation could be found in the records for that disbursement. As another example, Local 1143 disbursed \$300 for what appears to have been a donation to Tri Quest (a charity event), but no documentation was retained to support that disbursement. The records also indicated that in some instances only copies of receipts were maintained.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding

principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 1143 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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-3) filed by Local 1143 for fiscal year ending June 30, 2008, was deficient in the following areas:

1. Bond Amount

Local 1143 failed to correctly record the maximum bond amount in Item 20 (what is the maximum amount recoverable under your organization's fidelity bond for a loss caused by any officer or employee of your organization). Local 1143 listed its maximum bond amount as \$17,500. Records show Local 1143's officers and employees are bonded for a maximum of \$50,000.

2. Employees Paid by Local and Affiliate

Item 17 (During the reporting period did your organization pay any employee salary, allowances, and other expenses which, together with any payments from affiliates, totaled more than \$10,000?) should have been answered "Yes." Office Manager Marilee Weunsch and Business Representative Brian Gentry are full time employees who receive salary from the North Central States Regional Council of Carpenters (NCSRCC) as well as reimbursed expenses or allowances from Local 1143. The payments from Local 1143 and its affiliate, NCRSCC, to Ms. Weunsch and Mr. Gentry exceeded \$10,000. Therefore, Item 17 should be answered "yes" with the payment information provided in Item 56 (Additional Information).

3. Acquire/Dispose of Property

Item 13 (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 t-shirts and sweatshirts totaling more than \$1,500 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees." In addition, the cost, book value, and trade-in allowance for assets that were traded in must be reported.

4. Disbursements to Officers and Employees

a. Salaries Reported as Allowances

Local 1143 incorrectly reported salary to officers totaling at least \$5,200 in Column E (Allowances & Other Disbursements) instead of Column E (Salary) in Item 24 (All Officers and Disbursements to All Officers). Local 1143 maintains its officers do not receive a salary but rather an "allowance." Local 1143 officers and staff indicated that these payments are intended to compensate the officers for the work that they do and are not intended to be reimbursement to them for any specific expenses. Officers and employees also received reimbursement for expenses such as mileage and per diem. Since the allowance payments are issued to compensate the officers for the work that they do, the payments are considered salary for LM reporting purposes.

b. Reimbursed Expenses to Officer Not Reported

Local 1143 did not report any reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). However, the audit revealed the officers received reimbursement for expenses totaling at least \$5,300 during the year. It appears these payments were erroneously reported in Item 54 (Other Disbursements).

Most direct disbursements to Local 1143 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company)

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).

c. Disbursements to Employees Not Reported

Local 1143 failed to report any disbursements to employees in Item 46 (To Employees). However, the audit revealed numerous payments to employees were issued during the year. For example, Business Representative Brian Gentry and Office Manager Marilee Weunsch received at least \$3,700 and \$195, respectively. However, nothing is reported in Item 46. It appears these direct disbursements were erroneously reported in Item 54 (Other Disbursements).

I am not requiring that Local 1143 file an amended LM report for 2008 to correct the deficient items, but Local 1143 has agreed to properly report the deficient items on all future reports it files with OLMS, including the report to be filed for 2009.

Other Issues:

1. Signing Blank Checks

During the audit, you advised that sometimes officers signs blank checks. The United Brotherhood of Carpenters International Constitution requires that "all checks of the Local Union must be signed by two or more officers." 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. OLMS recommends that Local 1143 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Carpenters Local 1143 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

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passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Joseph Williams, Treasurer
Ms. Marilee Weunsch, Office Managers