

**U.S. Department of Labor**

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May 29, 2009

Mr. Larry Kerley, Financial Secretary  
Carpenters IND  
Local 345  
212 N Second Street  
Memphis, TN 38105

LM File Number 040-601  
Case Number: [REDACTED]

Dear Mr. Kerley:

This office has recently completed an audit of Carpenters Local 345 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 Attorneys Deborah Godwin and Betsy McKinney on April 9, 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 CAP disclosed:

Recordkeeping Violation

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 345 records for fiscal year ending June 30, 2008 revealed the following recordkeeping violation:

#### Lack of Salary Authorization

Local 345 did not maintain records to verify that the salaries reported in Item 46 (To Employees) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 345 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 345 for fiscal year ending June 30, 2008, was deficient in the following areas:

##### 1. 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 345 adopted the bylaws of the Tennessee

Carpenters Regional, dated December 4, 2001, but did not file a copy with its LM report. Local 345 has now filed a copy of its constitution and bylaws.

2. Member Fees

During the audit year, Local 345 collected at least \$639 in arrearage and ex-member fees from its members. On the LM-3 report, the local reported the monies collected in Item 38 (Dues). These receipts must be reported in Item 40 (Fees, Fines, Assessments & Work Permits) of the report.

I am not requiring that Local 345 file an amended LM report for fiscal year ending June 30, 2008 to correct the deficient items, but Local 345 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Carpenters Local 345 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,



Investigator

cc: Jamie Burns, President  
Deborah Godwin, Attorney