



February 9, 2016

Mr. James Overstreet, Treasurer  
Carpenters Local 363  
4979 Indiana Ave.  
Lisle, IL 60532

Case Number: 310-6006347  
LM Number: 042338

Dear Mr. Overstreet:

This office has recently completed an audit of Carpenters Local 363 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 on January 20, 2016, 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 363's records for fiscal year ending June 30, 2015, revealed the following recordkeeping violation:

#### Receipt Dates Not Recorded

Entries in Local 363's receipts journal reflect the date the union deposited money, but not the date money was received. As a result, the union erroneously recorded at least \$4,561.00 in July 2014 that was received in June 2014 and recorded at least \$3,388.00 in July 2015 that was received in June 2015. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Although the receipt dates were not properly recorded in the receipts journal, it appears that the money received during the audit period was properly recorded on Form LM-3 for fiscal year ending June 30, 2015.

Based on your assurance that Local 363 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### 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 363 for the fiscal year ended June 30, 2015, was deficient in the following area:

#### Failure to Properly Report Receipts and Disbursements

The union reported excessive receipts and disbursements totaling at least \$4,149.00 in Statement B (Receipts and Disbursements) by erroneously reporting transfers from its General Account to its Dues Receipts Account. The union paid the dues for all retirees by writing check # [REDACTED] dated November 15, 2014 in the amount of \$3,852.00 drawn on the General Account and depositing it into the Dues Receipts Account. The union also paid the monthly \$27.00 dues for the raffle winners at the monthly membership meetings by writing 11 checks totaling at least \$297.00 during the audit period which were drawn on the General Account and deposited into the Dues Receipts Account.

The LM-3 Instructions for Statement B state that transfers between separate bank accounts of the union do not represent the flow of cash in and out of your labor organization and should not be reported as receipts and disbursements of your organization.

Local 363 must file an amended Form LM-3 for the fiscal year ended June 30, 2015, to correct the deficient item discussed above. I encourage Local 363 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at

[www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than February 28, 2016 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Carpenters Local 363 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: Mr. Steven Rodeback, President