

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New York District Office
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November 14, 2008

Mr. Mark Keple, President
Carpenters Ind.
Local 821
91 Fieldcrest Avenue
Edison, NJ 08837

Re: Case Number: [REDACTED]

Dear Mr. Keple:

This office has recently completed an audit of Carpenters Local 821 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 the union's Accountant Jim Schultz on October 31, 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

The CAP disclosed 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. An exception may be made only in those cases where 1) other equally descriptive

documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

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 accounts.

The audit of Local 821 2007 records revealed the following recordkeeping violations:

1. Officer Expenses

Union officer failed to maintain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses that were direct-paid by the union. 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.

Based on your assurance that Local 821 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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-2) filed by Local 821 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. LM-2 Schedule 11 (All Officers and Disbursements to Officers)

Local 821 failed to include some reimbursements to officers in Schedule 11 (All Officers and Disbursements to Officers). In the audit period, total disbursements to officers were at least \$7,736. Some disbursements to the following officers Larry Finnegan, Jason Freidman, Brandon Page, Allen Bush, Leroy Niles and Leroy Webster were not reflected in Schedule 11. Such payments appear to have been erroneously reported in Schedules 15 through 19.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of

Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

2. Total Receipts (Form LM-2 Item 49)

Local 821 inaccurately reported the total amount of receipts in Form LM-2 during the audit period ending 06/30/07. The organization's LM-2 report, Item 49 Total Receipts reflected \$334,066. However, the audit disclosed that total receipts were at least \$332,831.

3. Total Disbursements (Form LM-2 Item 68)

Local 821 inaccurately reported the total amount of disbursements in Form LM-2 during the audit period 06/30/07. The organization's LM-2 report, Item 68 Total Disbursements reflected \$337,318. However, the audit disclosed that the organization's total disbursements were approximately \$336,279.

Therefore, the union must amend its LM-2 report to accurately reflect total receipts and disbursements in fiscal year ending 06/30/07.

Local 821 has now filed an amended Form LM-2 for fiscal year ending June 30, 2007 signed on March 18, 2009, which corrected the deficient items discussed above. I want to extend my personal appreciation to Carpenters Local 821 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

Mr. Mark Keple
November 14, 2008
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cc: Brandon Page, Treasurer