



April 16, 2012

Mr. Patrick Rommevaux Sr., Business Agent
Elevator Constructors AFL-CIO Local 62
615 West Genesee Street
Syracuse, NY 13204

Case Number: [REDACTED]
LM Number: 049878

Dear Mr. Rommevaux:

This office has recently completed an audit of Elevator Constructors Local 62 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 April 4, 2012, 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 62's 2011 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 62 did not maintain an inventory of union property on hand at the beginning and end of the audit year. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain property on hand and report the value of any property in Item 30 (Other Assets) of the LM-3. The union must record in at least one record the date and amount received from each sale of union apparel and other supplies.

2. Failure to Record Receipts

Local 62 did not record in its receipts records the dates and sources of deposits totaling at least \$1,625. For example, the union records do not identify the source of a check in the amount of \$619.88 and cash in the amount of \$10.12 that were deposited into the Contingency Fund in June. The union records must include an adequate identification of the money the union received and show the date and amount received and the source of the money.

The audit disclosed Local 62 did not issue receipts to members who purchased union apparel, raffle tickets, or tickets for the retirement party. OLMS recommends Local 62 issue original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. It was suggested the local use a pre-numbered receipt book for all income received.

3. Receipt Dates not Recorded

Entries in Local 62's register do not reflect the date some money was received. 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. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 62 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 62 for the fiscal year ended December 31, 2011, was deficient in that or deficient in the following areas:

1. 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 away watches totaling more than \$300 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such

giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.”

2. Deficient Filing

The annual report Local 62 filed for fiscal year 2011 does not correctly report assets, receipts, and disbursements. The local must enter the book value of all fixed assets, including furniture and equipment, in Item 29 (Fixed Assets) and the value of all assets not reported in Items 25-29, including supplies for resale, in Item 30 (Other Assets). The local must report the amount of dues received during the reporting period in Item 38 (Dues 38), and all fees, fines, assessments and work permits in Item 40 (Fees, Fines, Assessments and Work Permits). If the local received fees, fines, assessments, or work permits on behalf an affiliate, report the funds in Item 43 (Other Receipts.) The local must report per capita tax to the international and intermediate bodies in Item 47 (Per Capita Tax), direct and indirect benefits to officer and members or their beneficiaries in Item 50 (Benefits), contributions, gifts, and grants in Item 51 (Contributions, Gifts, and Grants), disbursements for fixed assets in Item 52 (Purchase of Investments and Fixed Assets), and disbursements not reported in Items 45-53, including supplies for resale, educational and publicity expenses, and fines, fees and assessments in Item 54 (Other Disbursements). It appears the local reported many of these disbursements in Item 48 (Office and Administrative). The instructions for Form LM-3 identify the types of transactions the local must report in each item.

Local 62 must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient items discussed above. I encourage Local 62 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at 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 April 30, 2012 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.

3. 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 62 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 62 has now filed a copy of its constitution and bylaws.

Other Issues

1. Inventory of Fixed Assets

As discussed with you during the compliance audit and the exit interview, it is recommended that the union maintain an inventory list of its assets. An inventory list will help you identify, account for, and determine the total value of your union's fixed assets.

2. Credit Card Policy

The audit revealed that Local 62 does not have a clear union credit card policy. Although the local's records adequately explained credit card transactions made during the audit period, OLMS recommends the local adopt written guidelines for the use of union credit cards. I am enclosing a copy of the OLMS compliance tip titled Union Credit Card Policy for your guidance.

I want to extend my personal appreciation to Elevator Constructors Local 62 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. Scott Freideman, President