

U.S. Department of Labor

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June 30, 2009

Mr. John Case, Financial Secretary
Plumbers Local 412
510 San Pedro Dr., SE
Albuquerque, NM 87108

LM File Number: 039-924
Case Number: [REDACTED]

Dear Mr. Case:

This office has recently completed an audit of Plumbers Local 412 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 June 19, 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.

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 recipients 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 412's fiscal year 2008 records revealed the following recordkeeping violation:

Failure to Maintain Records

Local 412 did not retain adequate documentation for credit card and cash expenses incurred by union officers totaling at least \$6,000. For example, union officers and employees purchased meals on the union credit cards but did not retain the original receipts, specifically the detailed receipt that includes the individual items purchased. Also, union officers and employees incurred travel expenses such as airfare, hotels and rental cars on the union credit card but did not retain original receipts.

As previously noted above, labor organizations must maintain all union records used or received in the course of union business. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 412 will retain adequate documentation and maintain all union records used or received in the course of union business in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 412 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 412 has now filed a copy of its constitution and bylaws.

Other Issues

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 412's officers and employees are currently bonded for \$200,000, but they must be bonded for at least \$478,118. Local 412 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than July 17, 2009.

I want to extend my personal appreciation to Plumbers Local 412 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. Thomas Montano, Business Manager