

**U.S. Department of Labor**

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April 5, 2007

Mr. Eugene Poepsel, Financial Secretary-Treasurer  
Carpenters Ind.  
Local 1839  
1011 Rose Lane  
Washington, MO 63090

LM File Number 039-379

Case Number: [REDACTED]

Dear Mr. Poepsel:

This office has recently completed an audit of Carpenters Local 1839 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, 2007, 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.

**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-3) filed by Local 1839 for fiscal year ending June 30, 2006, was deficient in the following area:

Local 1839 failed to include some reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Items 54 (Other Disbursements) or Item 50 (Benefits). Specifically, payments being made to officers for travel advances and District Council delegate allowances are reportable in Item 24, Column E. In addition, payments being made directly to you for your hourly fringe benefit compensation are also reportable in Item 24, Column E.

All direct disbursements to Local 1839 officers, and some indirect disbursements made on behalf of its officers, must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Local 1839 must file an amended Form LM-3 for fiscal year ending June 30, 2006 to correct the deficient items discussed above. I provided you with a blank form and instructions and discussed with you the availability of the reporting forms and instructions on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 18, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### **Record Keeping Violations**

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 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, 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.

The audit of Local 1839's fiscal year 2006 records revealed the following recordkeeping violations:

Union officers failed to maintain adequate documentation for some reimbursed expenses associated with the 2005 general convention. Some meal expenses used to offset various general convention attendees' travel advances were not supported by an original receipt or bill. In addition, the names of individuals present for all meal expenses must also be recorded. This information can be shown on the back of each separate meal receipt. Also, all receipts for the individual airline tickets which had been purchased directly by the local for the general convention were also not maintained.

In addition, no backup documentation for a payment made by the local for services provided by your CPA was located in the local's records.

Local 1839 also failed to maintain the periodic interest statements for the various certificates of deposit held during the audit period. In addition, one certificate of deposit (CD [REDACTED] held at First Bank) was not properly recorded in the local's financial reports and other records.

As agreed, provided that Local 1839 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

### Other Issues

During the audit, you advised that officers sign blank checks in advance on occasion. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 1839 review these procedures to improve internal control of union funds.


The audit also disclosed that an airline ticket expense of \$295.82 related to the 2005 general convention was claimed by you to help offset your travel advance for this trip. However, as the airline ticket had been purchased directly by the local, this expense should not have been claimed to offset your advance. You advised at the exit interview that this was an oversight and that you would immediately reimburse the local for this amount. I request that you please provide proof of your reimbursement to this office.

I want to extend my personal appreciation to Carpenters Local 1839 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you

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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. Larry Strode, President