

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Washington District Office
800 North Capitol Street NW
Room 120
Washington, DC 20002-4244
(202)513-7300 Fax: (202)513-7301



August 21, 2006

Re: Case Number: _____

Joseph Savia, President
Maryland Pipe Trades
8509 Ardwick - Ardmore Road
Landover, MD 20785

Dear Mr. Savia:

This office has recently completed an audit of the Maryland Pipe Trades Association under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Lead Organizer Donald Braun, Secretary-Treasurer Roger Wilson, Maryland Pipe Trades Attorney Brian Powers, Maryland Pipe Trades Accountant David Himes and you on August 15, 2006, the following problems were discovered 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 record keeping 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 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 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 disbursement.

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 the Maryland Pipe Trades 2005 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

Union officers and employees failed to retain adequate documentation for some reimbursed expenses, and for some expenses charged to union credit cards. 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. The location and business purpose of all parking expenses must be recorded.

2. Miscellaneous Expenses

Some receipts were not maintained for various union expenses. Receipts must be kept for all expenses.

As agreed, provided that the Maryland Pipe Trades maintains adequate documentation in the future, no additional enforcement action will be taken regarding these 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 the Maryland Pipe Trades for fiscal year ending December 31, 2005 was deficient in the following areas: - -

1. Incorrect Reporting of Employee

Donald Braun was reported in Schedule 11 as a union officer on the 2005 LM-2 report. Braun is an employee of the Maryland Pipe Trades and should therefore be listed in Schedule 12.

I am not requiring that the Maryland Pipe Trades file an amended LM-2 to correct the deficient item, but as agreed, the Maryland Pipe Trades will properly report the deficient item on all future reports filed with this agency.

Other Violations


1. 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 handled by those individuals or their predecessors during the preceding fiscal year. The Maryland Pipe Trades officers and employees are currently bonded for \$100,000, but they must be bonded for at least \$115,394.43. Adequate bonding coverage was obtained and documentation was provided during the audit. No enforcement action will be taken.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successors at whatever time you may leave office.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representation of our office.

Sincerely,


Investigator

CC: Donald Braun, Lead Organizer
Roger Wilson, Secretary-Treasurer