

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Miami Resident Investigative Office
One East Broward Boulevard
Room 608
Ft. Lauderdale, FL 33301
(954)356-6850 Fax: (954)356-6852



August 11, 2006

Mr. Sean P. Mitchell, Financial Secretary-Treasurer
Iron Workers AFL-CIO
Local 402
1001 W. 15th Street
Riviera Beach, FL 33404

Re: Case Number [REDACTED]

Dear Mr. Mitchell:

This office has recently completed an audit of Iron Workers Local 402 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 Bookkeeper Patricia Emmert and you on July 13, 2006, 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.

The CAP disclosed the following violations:

Recordkeeping 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 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 402's 2005 records revealed the following recordkeeping violation:

Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for disbursements including expenses charged to union credit cards, and for meal 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.

As agreed, provided that Local 402 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

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 402 for fiscal year ending June 30, 2005, was deficient in the following area:

Failure to File Bylaws

The CAP 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 constitution or bylaw changes are made. Local 402 amended its constitution and bylaws in 2003, but a copy was not filed with its LM report for that year.

A copy of Local 402's constitution and bylaws has now been filed, and therefore, the reporting deficiency was corrected.

Other Violations

The CAP 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 handled by those individuals or their predecessors during the preceding fiscal year. Local 402's officers and employees are currently bonded for \$40,000, but they must be bonded for at least \$72,104.

Local 402 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than August 25, 2006. We cannot close our file on your local until this proof is received.

I want to extend my personal appreciation to Iron Workers Local 402 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,

Bobbie West
District Director

cc: Robert Alt, President