



UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

Andris J. Silins

General Secretary-Treasurer
June 28, 2013

**VIA FIRST CLASS MAIL, AND RETURN RECEIPT REQUESTED,
AND HAND DELIVERY**

Mr. Mike McCarron
c/o Southwest Regional Council of Carpenters
533 S. Fremont Avenue, 10th Floor
Los Angeles, CA 90071-1712

Dear Sir and Brother:

This is to notify you that charges have been filed against you by Michael V Draper, District Vice President, Western District, of the United Brotherhood of Carpenters and Joiners of America ("UBC"), under Section 14D of the UBC Constitution. (A copy of the charges is enclosed.)

In accordance with the UBC Constitution, you have the right to present your case before a Trial Committee appointed pursuant to Section 14D of the UBC Constitution. Furthermore, you will be notified as to when to appear before the Trial Committee for a trial on the above-mentioned charges. The date, time and location of the trial will be determined soon.

The trial will be conducted in accordance with Section 14D Trial Procedures established by the UBC General Executive Board. A copy of these procedures is enclosed for your review. In accordance with Section 52(I) of the UBC Constitution, if you fail to appear at this trial the Trial Committee will proceed with the trial as though you were present.

Furthermore, please be advised of the requirements provided for under federal law regarding the use of union assets. Specifically, § 501 of the Labor Management Reporting and Disclosure Act of 1959 (29 USC § 401 *et seq.*) provides, in part, that:

- (a) (t)he officers,...of a labor organization occupy positions of trust in relation to such organizations and its members as a group. It is, therefore, the duty of each such person, taking into account the special problems and functions of a labor organization, to hold its money and property solely for the benefit of the organization and its members and to manage, invest, and expend the same in accordance with its constitution and bylaws and any resolutions of the governing bodies adopted thereunder.... A general exculpatory provision in the

Mike McCarron
June 28, 2013
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constitution and bylaws of such a labor organization or a general exculpatory resolution of a governing body purporting to relieve any such person of liability for breach of the duties declared by this section shall be void as against public policy.

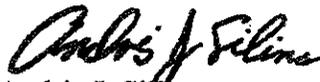
...

(c) Any person who embezzles, steals, or unlawfully and willfully abstracts or converts to his own use, or the use of another, any of the moneys, funds, securities, property, or other assets of a labor organization of which he is an officer, or by which he is employed, directly or indirectly, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Please see, e.g. *Highway Truck Drivers and Helpers Local 107 v. Cohen*, 215 F. Supp. 938 (E.D. Pa. 1963).

As an officer of the Southwest Regional Council of Carpenters ("Council") and Local Union 1506, you are required to abide by the requirements of the LMRDA, including, but not limited to, § 501. Accordingly, it would be unlawful for any assets of the Council and/or Local Union 1506 to be used to help provide a defense to these charges. Failure to comply with applicable law and/or the UBC Constitution may result in further action being taken.

Fraternally yours,



Andris J. Silins
General Secretary-Treasurer

Enclosures: Charges, Trial Procedures

cc: Michael V Draper, District Vice President, Western District (w/enclosures)

To: **Andris J. Silins, General Secretary-Treasurer**
United Brotherhood of Carpenters and Joiners of America
101 Constitution Avenue, N.W.
Washington, D.C. 20001

*For Submission to the Trial Committee of the
United Brotherhood of Carpenters and Joiners of America
General Executive Board*

<i>In the Matter of:</i>)	
)	
Michael V Draper,)	Charges:
UBC District Vice President, Western District)	UBC Constitution,
)	Secs. 51 (A)(4),
)	(6), and (12)
)	
)	
-against-)	
)	
Mike McCarron, a member of the United Brotherhood of)	
Carpenters and Joiners of America,)	
at all relevant times.)	
)	
)	

Pursuant to Section 14 (D) of the UBC Constitution, I, Michael V Draper, in my capacity as District Vice President, Western District, United Brotherhood of Carpenters and Joiners of America (“UBC”), hereby charge Mike McCarron (“McCarron”), at all relevant times a member of the UBC, with violations of the UBC Constitution as set forth below.

INTRODUCTION

McCarron is the Executive Secretary-Treasurer of the Southwest Regional Council of Carpenters (“the SWRCC”). The SWRCC has experienced serious financial uncertainty under McCarron. In 2009 and 2010, it suffered operating losses totaling \$43.3 million. During this time period, the SWRCC secretly improved its financial position (we now have learned) by charging the Southwest

Carpenters Training Fund (the “Training Fund”) inflated, above-market rents to lease real estate for more than five years. These transactions—which are illegal under federal law—grossly favored the SWRCC at the Training Fund’s expense. McCarron reviewed and approved each of the illegal transactions, in most cases personally signing the lease documents on behalf of the SWRCC.

Unfortunately, McCarron is not just an officer of the SWRCC. He also serves as a trustee for the *Training Fund*. As a trustee, he owes the Training Fund and its individual participants and beneficiaries duties of the utmost loyalty, diligence, and care. Under federal law, McCarron was required to ensure that the Training Fund paid “no more than reasonable compensation.” 29 U.S.C. §§ 1106(a)(1)(A), 1108(b)(2). McCarron has an obvious conflict of interest when the SWRCC (which pays his nearly \$300,000 salary) negotiates multi-million dollar commercial transactions with the Training Fund, which he has a duty to protect. Yet McCarron did not seek outside appraisals when “negotiating” the above-market rent the Training Fund would pay the SWRCC. Instead, he personally approved transactions through which the SWRCC drained more than \$5.1 million from the Training Fund. Although McCarron has now caused the SWRCC to repay the money, he did so only in response to a United States Department of Labor investigation that remains ongoing.

As detailed below, these related-party transactions violated the UBC Constitution as well as federal law. In view of these significant violations, and pursuant to Section 14(D) of the UBC Constitution, a Trial Committee of the UBC should be convened to consider the evidence and, if warranted, to impose an appropriate sanction, including expulsion from the UBC and its subordinate bodies.

FACTS

A. Mike McCarron.

McCarron has been a member of the UBC since 1978. He has served as Executive Secretary-Treasurer of the SWRCC, a subordinate body of the UBC, for more than a decade. In addition to being an officer of the SWRCC, McCarron also has served as a trustee of the Training Fund.

B. Pertinent Federal Laws.

The SWRCC qualifies as a “labor organization” under the Labor-Management Reporting and Disclosure Act (29 U.S.C. § 401 *et seq.*), and the Training Fund qualifies as a “welfare plan” under the Employee Retirement Income Security Act (29 USC § 1001 *et seq.*). Federal law imposes stringent fiduciary duties of loyalty and care on trustees and officers of organizations such as the Training Fund and SWRCC:

- “A fiduciary . . . shall not cause the plan to engage in . . . leasing, of any property between the plan and a party in interest” unless “no more than reasonable compensation is paid therefor.” 29 U.S.C. §§ 1106(a)(1)(A), 1108(b)(2). (The SWRCC is a “party in interest” with respect to the Training Fund. *See* 29 U.S.C. § 1002(14)(D).)
- “A fiduciary . . . shall not cause the plan to engage in a . . . direct or indirect . . . transfer to . . . a party in interest, of any assets of the plan” unless “no more than reasonable compensation is paid therefor.” 29 U.S.C. §§ 1106(a)(1)(D), 1108(b)(2).
- It is a federal crime punishable by up to five years imprisonment to “unlawfully and willfully abstract or convert[] to his own use *or the use of another*, any of the moneys . . . of any employee welfare benefit plan . . . or any fund connected therewith.” 18 USC § 664 (emphasis added); *see also* 29 U.S.C. § 501(c).
- “[A] fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and . . . for the exclusive purpose of . . . providing benefits to participants and their beneficiaries . . . with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use . . .” 29 U.S.C. § 1104(a)(1)A(i).
- “[A] fiduciary with respect to a plan shall be liable for a breach of fiduciary responsibility of another fiduciary with respect to the same plan . . . if he participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other fiduciary.” 29 U.S.C.



§ 1105(a)(1).

- “[A] fiduciary with respect to a plan shall be liable for a breach of fiduciary responsibility of another fiduciary with respect to the same plan . . . if he has knowledge of a breach by such other fiduciary, unless he makes reasonable efforts under the circumstances to remedy the breach.” 29 U.S.C. § 1105(a)(1).
- “A fiduciary . . . shall not . . . in his individual or in any other capacity act in any transaction involving the plan on behalf of a party (or represent a party) whose interests are adverse to the interests of the plan or the interests of its participants or beneficiaries.” 29 U.S.C. § 1106(b)(2).
- “The officers, agents, . . . and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group. It is, therefore, the duty of each such person . . . to hold its money and property solely for the benefit of the organization and its members . . . [and] to refrain from dealing with such organization as an adverse party or in behalf of an adverse party in any matter connected with his duties” 29 U.S.C. § 501(a).
- It is federal policy that labor officials “adhere to the highest standards of responsibility and ethical conduct in administering the affairs of their organizations.” 29 U.S.C. § 401(a).

C. The Illegal Leases.

The SWRCC has experienced serious financial uncertainty under McCarron. The SWRCC suffered a \$35.2 million operating loss in 2009 and an \$8.1 million operating loss in 2010, according to Annual Reports that McCarron (as Executive Secretary-Treasurer) signed and submitted to the Department of Labor.

The SWRCC has a number of assets, including real properties that it owns or manages at the following locations:

- 3250 E. Shelby Street, Ontario, California 91764;
- 10015 Rose Hills Road, Whittier, California 90601;

- 15885 Valley View Court, Sylmar, California 91342;
- 2831 W. First Street, Santa Ana, California 92703;
- 412 Dawson Drive, Camarillo, California 93012;
- 3985 N. Benan Venture Drive, Tucson, Arizona 85705;
- 8149 S. Welby Park Drive, West Jordan, Utah 84088; and
- 8525 Miralani Drive, San Diego, California 92126.

McCarron approved a series of leases, subleases, and lease addenda whereby the SWRCC leased or subleased these properties to the Training Fund. The lease documents (most of which McCarron personally signed on behalf of the SWRCC) provide for the payment of monthly rent by the Training Fund to the SWRCC. For example, the Training Fund was to pay the SWRCC approximately \$90,000 per month for the use of property in Ontario, California. 

The rents paid by the Training Fund to the SWRCC from 2008 to 2013 were not established through competitive bidding, arms-length negotiations between disinterested representatives, or recent appraisals. Nor did McCarron recuse himself from participating in these transactions. To the contrary, McCarron personally approved the amount of rent that the Training Fund paid to the SWRCC.

As a result, the Training Fund paid the SWRCC amounts that grossly exceeded fair market value for these properties for a period of at least five years. Retrospective appraisals by Cushman & Wakefield and CBRE show that the SWRCC, under McCarron, drained \$5.1 million from the Training Fund in the form of above-market rent from 2008 through June 2013. (The fair market values, rent payments, and overcharges for each property are set forth on Exhibit 1 attached hereto.)

During this period of financial uncertainty, McCarron's own salary and expenses increased from \$290,974 (in 2008) to \$307,055 (in 2012). Rather than reduce officer salaries and expenses to help meet the financial difficulties, McCarron allowed those expenses to grow.

D. Discovery of the Overpayments.

 When questions were raised about the reasonableness of the Training Fund's rent payments in 2011, McCarron failed to hire appraisers. When the Training



Fund's director finally hired appraisers (beginning in the summer of 2012), it was discovered that the SWRCC had systematically overcharged the Training Fund by hundreds of thousands of dollars *per month* at eight different properties for a number of years. The Training Fund's Qualified Professional Asset Manager—whom the Training Fund's Board hired in December 2012 in part because of concerns about the rent—reported that the overcharges totaled approximately \$5.1 million. See Exhibits 2-3.

Even when the overpayments became known, McCarron did not immediately agree to the SWRCC's repaying the more than \$5.1 million overcharge. Only after being informed that the United States Department of Labor would be conducting an investigation did McCarron cause the SWRCC to repay the \$5.1 million, plus approximately \$260,000 in compound interest. McCarron made the first payment (for \$4,736,970.52) to the Training Fund on behalf of the SWRCC on May 31, 2013. See Exhibit 4.

The Department of Labor investigation, which commenced on November 6, 2012, remains ongoing. See Exhibit 5. It could result in serious fines and other sanctions against the SWRCC or the Training Fund.

E. Violations of Federal Law.

The transactions approved by McCarron violated federal laws and policies quoted above. For example, McCarron was a fiduciary of the Training Fund, yet he “cause[d] the plan to engage in . . . leasing, of any property between the plan and a party in interest”—the SWRCC—for which “more than reasonable compensation [wa]s paid” in violation of 29 U.S.C. §§ 1106(a)(1)(A).

VIOLATIONS OF THE UBC CONSTITUTION

The transactions approved by McCarron also violated the UBC Constitution. The Constitution prohibits a member from:

- Using “General Funds or property of a . . . Council . . . for . . . purposes [other than those] specified in the Constitution and Laws of the United Brotherhood [or] required to transact and properly conduct its business,” UBC Const. § 54(A);

- “Misappropriating the funds of any subordinate body, or any moneys entrusted to him or her by a member or candidate for the account of any subordinate body,” *id.* § 51(A)(4);
- “Defrauding the United Brotherhood or any subordinate body,” *id.* § 51(A)(6); and
- “Violating the Obligation,” *id.* § 51A(12), which requires a member “to abide by the Constitution and Laws” of the UBC, *id.* § 44(D).

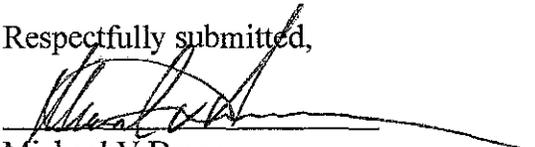
By approving the illegal, related-party transactions, McCarron caused the “property of a . . . Council”—the SWRCC real estate—to be used “for . . . purposes [other than those] required to transact and properly conduct [the SWRCC’s] business” in violation of Section 54(A). **Using the SWRCC’s real estate to drain the Training Fund of assets** in illegal transactions was not “required to transact and properly conduct [the SWRCC’s] business.” The illegal transactions likewise required the SWRCC—after the wrongdoing was discovered—to make payments of compound interest to compensate the Training Fund, another use of SWRCC funds “for . . . purposes [other than those] required to transact and properly conduct its business.” *Id.* § 54(A). Thus, by violating Section 54(A) of the UBC Constitution, McCarron also has violated, and is hereby charged with violating, Section 51(A)(12) (“Violating the Obligation”), which requires members to “abide by the Constitution and Laws.”

The illegal transactions approved by McCarron also had the effect of “[m]isappropriating the funds of any subordinate body, or any moneys entrusted to [McCarron] . . . by a member . . . for the account of any subordinate body,” *id.* § 51(A)(4), and of “[d]efrauding any subordinate body,” *id.* § 51(A)(6). The SWRCC negotiates employer payments to the Training Fund on behalf of bargaining unit members. **The illegal transactions effectively diverted such employer payments away from members, to the Council, and then to McCarron and other SWRCC officers in the form of higher salaries and expense reimbursements. The illegal transactions made the SWRCC’s financial position appear stronger than it really was.** Thus, McCarron has violated, and is hereby charged with violating, Sections 51(A)(4) and/or (6) of the UBC Constitution. Furthermore, because McCarron has violated Sections 51(A)(4) and/or (6) of the

UBC Constitution, he has also violated Section 51(A)(12) (“Violating the Obligation”), which requires members to “abide by the Constitution and Laws.”

WHEREFORE, the Charging Party respectfully requests that a Trial Committee be convened to consider the evidence pursuant to Section 14(D) of the UBC Constitution, and, if warranted, impose an appropriate sanction, including expulsion from the UBC and its subordinate bodies.

Respectfully submitted,



Michael V Draper
UBC District Vice President
Western District

Dated: This 28th day of June, 2013

Exhibit 1

SOUTHWEST CARPENTERS TRAINING FUND

2008 - 2013 Rents Paid vs. Market Rents

Properties Leased from Southwest Regional Council of Carpenters:						(A)	(B)	(A) - (B)	(A)	(B)	(A) - (B)	(A)
						<----- YEAR 2013 ----->			<----- YEAR 2012 ----->			<-----
Description	Property Address	Appraiser	Rent Paid	Market Rent	Difference	Rent Paid	Market Rent	Difference	Rent Paid			
1 Ontario	3250 E. Shelby Street	Ontario CA 91764 C&W	527,093.70	257,253.92	269,839.78	1,026,041.59	514,507.84	511,533.75	996,156.90			
2 Whittier #1/2	10015 Rose Hills Road	Whittier CA 90601 C&W	328,192.36	230,480.64	97,711.72	638,821.01	460,961.28	177,859.73	620,214.56			
3 Sylmar	15885 Valley View Court	Sylmar CA 91342 C&W	357,931.68	273,499.20	84,432.48	695,013.00	546,998.40	148,014.60	674,769.96			
4 Santa Ana	2831 W. First Street	Santa Ana CA 92703 CBRE	215,760.42	109,296.00	106,464.42	423,141.80	218,592.00	204,549.80	410,817.32			
5 Ventura	412 Dawson Drive	Camarillo CA 93012 C&W	135,507.18	97,112.40	38,394.78	265,094.16	194,224.80	70,869.36	257,373.00			
6 Tucson	3985 N. Benan Venture Drive	Tucson AZ 85705 CBRE	93,795.48	40,035.00	53,760.48	183,019.94	80,070.00	102,949.94	177,689.26			
7 Utah	8149 S. Welby Park Drive	West Jordan UT 84088 C&W	85,846.74	69,616.80	16,229.94	166,692.72	139,233.60	27,459.12	161,837.64			
8 San Diego #2 8525	8525 Miralani Drive	San Diego CA 92126 CBRE	109,471.14	99,648.00	9,823.14	215,753.82	199,296.00	16,457.82	209,469.72			
9 Whittier #3	Land Adjacent to 10015 Rose Hills	Whittier CA 90601 C&W	74,120.04	126,432.75	(52,312.71)	145,721.41	252,865.50	(107,144.09)	141,477.05			
			1,927,718.74	1,303,374.71	624,344.03	3,759,299.45	2,606,749.42	1,152,550.03	3,649,805.41			

-- YEAR 2011 -->		<-- YEAR 2010 -->			<-- YEAR 2009 -->			<-- YEAR 2008 -->			Difference for Years 2008 - 2013
(B) Market Rent	(A) - (B) Difference	(A) Rent Paid	(B) Market Rent	(A) - (B) Difference	(A) Rent Paid	(B) Market Rent	(A) - (B) Difference	(A) Rent Paid	(B) Market Rent	(A) - (B) Difference	
504,660.80	491,496.10	965,577.49	615,440.00	350,137.49	891,472.08	664,675.20	226,796.88	824,473.80	714,412.95	110,060.85	1,959,864.85
384,134.40	236,080.16	602,150.03	358,525.44	243,624.59	503,359.14	384,134.40	119,224.74	420,684.24	490,838.40	(70,154.16)	804,346.78
420,768.00	254,001.96	655,116.48	455,832.00	199,284.48	626,772.72	455,832.00	170,940.72	617,510.04	490,896.00	126,614.04	983,288.28
237,600.00	173,217.32	398,851.76	261,360.00	137,491.76	389,151.72	261,360.00	127,791.72	383,400.72	285,120.00	98,280.72	847,795.74
138,732.00	118,641.00	249,876.72	138,732.00	111,144.72	244,404.72	138,732.00	105,672.72	240,792.84	176,568.00	64,224.84	508,947.42
76,867.20	100,822.06	173,355.36	84,073.50	89,281.86	168,379.74	80,070.00	88,309.74	163,404.12	116,101.50	47,302.62	482,426.70
136,702.08	25,135.56	157,123.92	136,702.08	20,421.84	152,614.20	141,765.12	10,849.08	148,104.48	144,296.64	3,807.84	103,903.38
174,384.00	35,085.72	203,368.62	184,348.80	19,019.82	194,612.40	189,331.20	5,281.20	188,861.64	191,822.40	(2,960.76)	82,706.94
252,865.50	(111,388.45)	137,356.35	252,865.50	(115,509.15)	133,684.98	252,865.50	(119,180.52)	131,709.36	295,009.75	(163,300.39)	(668,835.31)
2,326,713.98	1,323,091.43	3,542,776.73	2,487,879.32	1,054,897.41	3,304,451.70	2,568,765.42	735,686.28	3,118,941.24	2,905,065.64	213,875.60	5,104,444.78

Exhibit 2



STRATEGIC
PROPERTY
ADVISERS, INC.

SAN DIEGO
3250 Vista Diego Road
Sanut, CA 91935-2014
Telephone (619) 669-6688
Fax (619) 669-4844
spa@spadvise.com

May 31, 2013

Via UPS

Mike McCarron
Executive Secretary-Treasurer
Southwest Regional Council of Carpenters
533 Fremont Avenue
Los Angeles, CA 90071

Re: SW Carpenter Training Fund ("Fund") Leases with Southwest Regional Council of Carpenters ("Council")

Dear Mike:

As you may recall on December 1, 2012, Strategic Property Advisers was retained by the Fund to be its Investment Manager/QPAM (i.e., its asset manager) for (i) four real properties in which the Fund holds a fee interest, (ii) eleven leasehold interests leased from the Council, and (iii) two leasehold interests leased from local carpenters unions which fall within the jurisdiction of the Council.

After reviewing the October 2012 fair rental values for the 13 leasehold interests leased from the Council and local carpenter unions, we concentrated on the nine leasehold interests listed on Page 2 of Exhibit A. The nine leaseholds consist of nine leaseholds leased from the Council. We concluded that as to these nine leaseholds (where it appeared that market rental values were lower than contract rents), we should obtain fair rental value appraisals back to 2007. After we received the fair rental appraisals from 2007 through 2011, we reviewed and analyzed the fair rental values for the nine leaseholds from 2007 through 2012.

We concluded that from 2008 through 2012, the Fund overpaid rent to the Council for these nine properties by \$4,480,100.75. We then calculated current interest and annual compounded interest on these year-end overpayment balances at the then prevailing December 31st 10-year Treasury rates. Our calculations indicated that the cumulative, compounded total interest due as of December 31, 2012 was \$256,869.77.

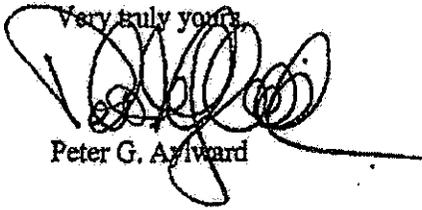
REGISTERED INVESTMENT ADVISERS

Mike McCarron
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Adding together the overpaid back rent of \$4,480,100.75 plus the interest due produces a total refund due to the Fund from the Council of \$4,736,970.52 for the period from January 1, 2008 to December 31, 2012. We would appreciate your prompt attention to this matter.

If you or your staff has any questions or comments on our enclosed calculations, please do not hesitate to contact me.

Very truly yours,



Peter G. Ayward

Enclosure

cc: Curt Conyers (w/ encl.)
Ed Ripley (w/ encl.) ✓

Exhibit 3



STRATEGIC
PROPERTY
ADVISERS, INC

SAN DIEGO
3201 Vista Diego Road
San Diego, CA 92122-2617
Telephone: (619) 592-0078
Fax: (619) 592-4844
spadvis@spadvis.com

June 19, 2013

Via UPS

Mike McCarron
Executive Secretary-Treasurer
Southwest Regional Council of Carpenters
533 Fremont Avenue, 10th Floor
Los Angeles, CA 90071

Re: SW Carpenter Training Fund ("Fund") Leases with Southwest Regional Council of Carpenters ("Council")

Dear Mike:

As you may recall on December 1, 2012, Strategic Property Advisers was retained by the Fund to be its Investment Manager/QPAM (i.e., its asset manager) for (i) four real properties in which the Fund holds a fee interest, (ii) eleven leasehold interests leased from the Council, and (iii) two leasehold interests leased from local carpenters unions which fall within the jurisdiction of the Council.

We previously reviewed the October 2012 fair market rental values for the 13 leasehold interests leased from the Council and local carpenters unions. We concentrated on the nine leasehold interests listed on Page 2 of Exhibit A. The nine leaseholds consist of nine leaseholds leased from the Council.

As described in our May 31, 2013 letter to you, we concluded that from 2008 through 2012, the Fund overpaid rent to the Council for these nine properties. Our May 31, 2013 letter informed you that from 2008 through 2012, the Fund overpaid rent to the Council by \$4,480,100.75 and that the current and compounded interest due was \$256,869.77.

As a result of our May 31st letter, the Council promptly delivered a check made payable to the Fund for \$4,736,970.52. The check represented the full amount of overpaid rent plus interest due to the Fund for the period of January 1, 2008 to December 31, 2012.

REGISTERED INVESTMENT ADVISERS

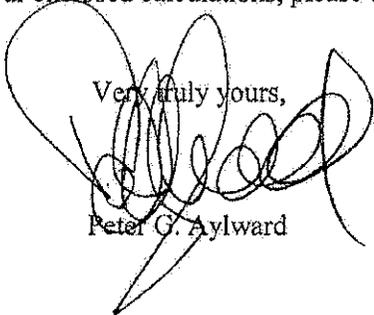
Mike McCarron
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In 2013, the Fund continued to overpay rent to the Council for these nine properties. We concluded that from January 1, 2013 through June 30, 2013, the Fund overpaid rent to the Council by \$624,344.03. We then calculated interest on these overpayments balances at the month end prevailing 10-year Treasury rates, except in June where we used the June 17th rate. Our calculations indicated that the total interest due as of June 30, 2013 is \$3,655.55.

Adding together the overpaid back rent of \$624,344.03 plus the interest due produces a total refund due to the Fund from the Council of \$627,999.58 for the period from January 1, 2013 to June 30, 2013. Please promptly pay the Training Fund \$627,999.58.

We have instructed the Training Fund to pay the fair market rent for the nine leaseholds beginning July 1, 2013 to ensure that no further overpayments are made. If you or your staff has any questions or comments on our enclosed calculations, please do not hesitate to contact me.

Very truly yours,



Peter G. Aylward

Enclosure

cc: Curt Conyers (w/ encl.)
Ed Ripley (w/ encl.)

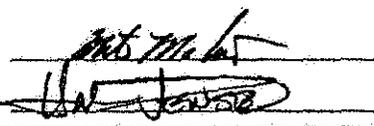
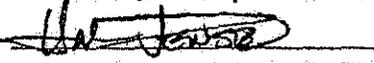
Exhibit 4



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Routing: 122000247	Deposit Ref#: 12161952	Reference: 12161953	Date Posted: 06/07/2013	Amount: 4,736,970.52	Type: Debit
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 SOUTHWEST REGIONAL COUNCIL OF CARPENTERS 533 SOUTH FREMONT AVENUE, 10th FLOOR LOS ANGELES, CALIFORNIA 90071 (213) 386-1457	WELLS FARGO BANK <small>2441 ROSECRANS AVE., SUITE 4100 EL SEGUNDO, CA 90246</small>	CHECK NO. 01560	<small>16-24 1220</small>
		CHECK DATE May 31, 2013	
Four million seven hundred thirty six thousand nine hundred seventy and ⁵² / ₁₀₀ amount		4,736,970.52	
PAY TO THE ORDER OF Southwest Carpenters Training Fund		 	
<small>#001560# ⑆ 1 22000 247 06 25 025905#</small>		<small>JATC</small>	

FOR DEPOSIT ONLY 210673056 JATC 122000496
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Exhibit 5

U.S. Department of Labor

Employee Benefits Security Administration
Los Angeles Regional Office
1055 East Colorado Boulevard, Suite 200
Pasadena, California 91106-2357
Telephone: (626) 229-1000
FAX Telephone: (626) 229-1098



Reply to the Attention of: Case No. 72-034870
Christopher Ball, Investigator
Direct Dial: (626) 229-1016

November 6, 2012

Ronald Schoen
Southwest Carpenters Training Fund
533 South Fremont Avenue
Los Angeles, CA 90071

Re: Southwest Carpenters Training Fund
EIN/PN: 95-2106266

Dear Mr Schoen:

The Department of Labor has responsibility for the administration and enforcement of Title I of the Employee Retirement Income Security Act of 1974 (ERISA). Title I establishes standards governing the operation of apprenticeship plans such as the Southwest Carpenters Training Fund (the Plan).

The Plan is scheduled for investigation by this office. Investigative authority is vested in the Secretary of Labor by Section 504 of ERISA, 29 U.S.C. section 1134, which states in part:

The Secretary [of Labor] shall have the power, in order to determine whether any person has violated or is about to violate any provision of this title or any regulation or order thereunder ... to make an investigation, and in connection therewith to require the submission of reports, books, and records, and the filing of data in support of any information required to be filed with the Secretary under this title...

We have found in the past that submission of relevant documents to our office prior to the inception of an on-site field investigation can lessen the time subsequently spent with, and the administrative burden placed on, plan and corporate officials and may eliminate the need for an on-site visit entirely. To that end, we ask that you submit to this office, *within ten business days* of your receipt of this letter, the documentation identified on the enclosed Document Request List with respect to the above-mentioned Plan. If any items are not applicable, please so indicate and provide an explanation.

Ronald Schoen
Re: Southwest Carpenters Training Fund
Page 2

Thank you in advance for your cooperation. Should you have any questions, please contact the undersigned at (626) 229-1016.

Sincerely,

Christopher Ball
Investigator

Enclosure

DOCUMENTS TO BE AVAILABLE FOR INSPECTION AND RETENTION

Southwest Carpenters Training Fund

Note: Unless otherwise specified, the documents to be provided should include those covering the entire period under review, January 1, 2009 through the present date.

1. Plan Document, Adoption Agreement, Trust Agreement and all amendments with signed signature pages for each.
2. Any written policy statements, guidelines or other documents governing the operation or administration of the Plan, including, but not limited to, employer contribution collection procedures, investment policy, claims procedure, forfeiture provisions, policy regarding the allocation of expenses between multiple trusts, etc.
3. Summary Plan Description (SPD), all Summaries of Material Modifications (SMMs), and any other notices distributed to participants regarding their rights in the Plan.
4. Most recent IRS determination letter.
5. Fidelity bond, including declarations page and riders/endorsements identifying the Plan as a named insured, amount of coverage, period covered, and name of the surety company.
6. Fiduciary liability insurance policy, if any.
7. Copy of written 'Apprenticeship and Training Plan Exemption Notice' and any other notices filed with the Department of Labor. Please also include the following:
 - a) documentation of disclosure of the contents of such notices to employees of employers that are contributing to the program, and
 - b) established procedures and records pertaining to the availability of the notices to employees upon request
8. If applicable, Annual Return/Report Forms 5500 for each year with signed signature pages and all schedules and attachments, including (if applicable) the accountant's opinions, financial statements, notes to the financial statements, and management letters.
9. Summary Annual Reports (SARs).
10. List of individuals responsible, directly or indirectly, for the operation and administration of the Plan during the period under review, specifically: Plan Trustees, Administrators, and Fiduciaries; members of a Plan oversight committee or Board of Directors; and accounting, human resources, or other personnel of the Plan sponsor who process payroll withholding, respond to participant inquiries about the Plan, or interface with service providers. List should include names, titles, responsibilities, and current contact information.
11. List of service providers to the Plan including but not limited to any accountant, attorney, actuary, third-party administrator, trust custodian, record keeper, investment adviser, independent auditor, payroll vendor, etc. together with applicable contracts, service agreements, and fee schedules. List should include company names as well as names and

- direct contact information for individual points-of-contact / account representatives.
12. List of employers that are contributing to the program. List should include company names as well as names and direct contact information for individual points-of-contact/representatives.
 13. Plan's correspondence file, including internally generated memoranda and notes. This should include all correspondence with persons providing services to the Plan and/or correspondence relating to any matter involving the Plan, directly or indirectly.
 14. Minutes of any Plan Trustee, Plan Committee, Joint Trust Board, or Board of Directors meetings in which the Plan was discussed.
 15. IRS Form 990 filings with all applicable schedules and attachments.
 16. Copies of all applicable Collective Bargaining Agreements, including all amendments, addenda, schedules, signature pages, etc.
 17. Copies of all Prevailing Wage/Service Contract Act-subject contracts for which prevailing wage contributions were made to the Plan, including all addenda, schedules, signature pages, and wage determinations for the period under review.
 18. Documentation confirming the Plan's receipt of any prevailing wage contributions and explanation of the process used for verifying the accuracy of those contributions.
 19. Summary of Plan investments, including descriptions of all assets held and their locations (e.g., name of investment company, financial institution, etc. where trust assets are deposited). There should be no category marked "other" where assets are aggregated.
 20. Annual (or quarterly) Trust/custodial statements.
 21. All invoices paid by the Plan with documentation in sufficient detail to determine services rendered, tasks performed, or expenses incurred/reimbursed, and how all payments tie to expenses reported on Forms 5500 and/or Forms 990.
 22. Apprenticeship standards, including a schedule of work processes in which apprentices are to receive training and experience on the job, along with documentation of the applicable progressively-increasing schedule of wages.
 23. Description of the apprenticeship eligibility and selection procedures, including sample apprenticeship applications, indenture agreements, progress evaluations, promissory notes, and scholarship loan agreements, if any.

**UBC CONSTITUTION SECTION 14(D) TRIAL PROCEDURES, ESTABLISHED BY
THE UNITED BROTHERHOOD OF CARPENTERS' GENERAL EXECUTIVE BOARD**

I. FILING CHARGES PURSUANT TO SECTION 14(D)

A. Officers or Members of any subordinate body accused, pursuant to Section 14(D), of violating the Constitution and Laws shall be served with written notice of the charge(s) against them, and the charge(s) shall specify the particular section of the Constitution and Laws alleged to have been violated, and contain a brief statement of the facts upon which the charge(s) is based.

B. Service of the charge(s) upon the accused shall be accomplished by return receipt mail. The General Secretary-Treasurer of the United Brotherhood of Carpenters and Joiners of America ("UBC"), shall be responsible for service of the charge(s) on the accused.

II. TRIAL PROCEDURES

A. Trials held pursuant to Section 14(D) shall commence no earlier than thirty (30) days from the date that the charge(s) are mailed by the UBC General Secretary-Treasurer to the accused, as provided for in Section I(B), above.

B. The trial procedures provided for in UBC Constitution Sections 52(I) and (J) shall be observed by the Trial Committee, which is established pursuant to Section 14(D), when conducting a trial pursuant to Section 14(D).

C. The Trial Committee shall make a complete record of the trial proceedings.

D. Section 14(D) trials shall be conducted at the UBC's offices located at 101 Constitution Avenue, N.W., Washington, D.C., unless circumstances require that the trial be conducted at, or near, the location where the alleged violation(s) occurred. *Provided that*, the General Secretary-Treasurer shall consider requests by the accused or the accuser that the trial be conducted at a location other than the UBC's Washington, D.C. offices. *Provided further that*, the request be made in writing to the UBC General Secretary-Treasurer no later than twenty-one (21) days prior to the scheduled trial date. Decisions regarding change of venue shall be made by the General Secretary-Treasurer.

E. It shall be the responsibility of the Trial Committee to maintain and preserve the record of the trial, including exhibits. In the event that an appeal of the Trial Committee's decision is filed, the Chair of the Trial Committee shall be responsible for submitting a complete record of the proceedings,

including exhibits, together with the verdict and penalty, to the General Executive Board.

III. VERDICTS AND PENALTIES

A. Upon reaching a verdict, the Trial Committee shall issue a full, written report of its findings, specifically stating the verdict, and the penalty to be imposed, if any. The Trial Committee shall submit its report to the General Secretary-Treasurer.

B. It shall be the responsibility of the General Secretary-Treasurer's office to notify the accused and the accuser of the verdict and penalty, if any, by return receipt mail.

IV. APPEALS

A. An accused found guilty pursuant to charges filed under Section 14(D) may appeal the guilty verdict to the General Executive Board, as provided for under UBC Constitution Section 14(D). The requirements for filing an appeal under Section 14(D) shall be the same as required for filing an appeal under UBC Constitution Section 53(D), except that appeals filed pursuant to Section 14(D) must be filed with the Secretary of the General Executive Board (UBC General Secretary-Treasurer) within thirty (30) days from the date on which notice of the Trial Committee verdict or penalty is mailed to the accused.

Provided that, the part of Section 53(D) that reads, "(a) copy of the appeal shall be mailed or delivered to the Local Union, District Council or Industrial Council imposing the penalty", shall not apply to appeals filed pursuant to Section 14(D).

Provided further that, if the penalty imposed by the Trial Committee includes a fine, UBC Constitution Section 53(C) shall apply, except that any payments required to be made under Section 53(C) shall be payable to the United Brotherhood of Carpenters and Joiners of America.

B. Any appeal filed pursuant to Section 14(D) shall be considered filed as provided for in UBC Constitution Section 53(I).

C. The General Executive Board Member that brought the charges that resulted in the appeal, and any General Executive Board Member that participated in the underlying proceedings that resulted in the appeal, shall not participate in the consideration of the appeal.

D. The General Secretary-Treasurer shall notify the accused of the decision of the General Executive Board regarding the appeal.

E. A decision of the General Executive Board may be appealed to the Convention, as provided for under UBC Constitution Section 14(D).