

Name of Labor Organization Held In Trusteeship

CARPENTERS IND

File Number

540-172

7. Check the reason(s) for establishing or continuing the trusteeship:

- a. To correct corruption or financial malpractice.
- b. To assure the performance of collective bargaining agreements or other duties of a bargaining representative.
- c. To restore democratic procedures.
- d. Other. _____

8. Provide a detailed statement which explains each reason checked in Item 7, above.

Corruption involving fraudulent votes for a collective bargaining agreement/master labor agreement ratification. Executive Secretary-Treasurer, Contract Administrator and Director of Organizing resigned over issues related to ratification vote. Scheme involved fraudulently electronic voting for members and thereby depriving the members of their vote. It is unknown whether the final ratification vote was tainted but forensic investigation is continuing.

Financial malpractice involving imprudent pension and health plan investments in Allianz' hedge fund products (losses over \$250 million). Council Trustees to the pension and health trusts have been removed and replaced. They either did not understand the complex nature of the hedge fund products, failed to obtain appropriate levels of fiduciary liability insurance to adequately insure against any of their liability and/or failed to timely or fully disclose their actions and facts to the members and participants.

At least one representative was determined to be double-dipping pay by obtaining over-time payments from the Council for attending meetings while at the same time being paid by the local union to attend those very same meetings. The double-dipping union rep was fired by the Council and he resigned from his local union position.

Investigations, including with the assistance of outside auditors and a forensic investigation firm, are on-going with more terminations, internal union disciplinary charges and/or litigation likely against involved parties.

9. During the period covered by this report

a. Did a convention or other policy-determining body meet to which the trustee labor organization sent delegates or would have sent delegates if not in trusteeship?

Yes No

(if the answer is "Yes," complete and file Form LM-15A.)

b. Did the labor organization imposing the trusteeship hold an election of officers?

Yes No

(if the answer is "Yes," complete and file Form LM-15A.)

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Statement of Assets and Liabilities (Complete for Initial Report Only)

Assets as of Date Trusteeship Imposed			Liabilities as of Date Trusteeship Imposed		
Item	From Sch. #	Amount	Item	From Sch. #	Amount
10. Cash		25,584,650	18. Accounts Payable		0
11. Accounts Receivable		0	19. Loans Payable	6	
12. Loans Receivable	1	56,910	20. Mortgages Payable		0
13. U.S. Treasury Securities		0	21. Other Liabilities	4	258,894
14. Investments	2	44,778,440	22. TOTAL LIABILITIES		258,894
15. Fixed Assets	5	13,088,525	23. NET ASSETS (Item 17 less Item 22)		
16. Other Assets	3	200,000			
17. TOTAL ASSETS		83,708,525			83,449,631

Schedule 1 - Loans Receivable (See Instructions for Item 12)

(A) Name of officer, employee, member, or business enterprise	(B) Purpose of loan, security, if any, and terms for repayment	(C) Amount
1. RICKY LEE SURRANT	LAND PURCHASE	56,910
2.		
3.		0
4. Total from additional pages (if any)		0
5. Total of loans not listed above		
6. Total of Lines 1 through 5		56,910

Schedule 2 - Investments (See Instructions for Item 14)

Schedule 3 - Other Assets (See Instructions for Item 16)

(A) Description	(B) Amount	(A) Description	(B) Book Value
Marketable Securities:		1. PREPAID ERNEST MONEY	200,000
1. Total Cost	33,635,572	2.	
2. Total Book Value	44,778,440	3.	
3. List each marketable security that has a book value over \$1,000 and exceeds 20% of Line 2.		4.	
(a) MSNBA PREFERRED SAVINGS	10,147,941	5.	
(b) SEE ATTACHED	23,033,075	6.	
(c) Total from additional pages (if any)	0	7. Total from additional pages (if any)	0
Other Investments:		8. Total of Lines 1 through 7	200,000
4. Total Cost		Schedule 4 - Other Liabilities (See Instructions for Item 21)	
5. Total Book Value		(A) Description	(B) Amount
6. List each other investment which has a book value over \$1,000 and exceeds 20% of Line 5. Also list each subsidiary or trust which is an investment.		1. PAYROLL DEDUCTIONS PAYABLE	258,894
(a)		2.	
(b)		3.	0
(c) Total from additional pages (if any)	0	4.	
7. Total of Lines 2 and 5	44,778,440	5.	
		6.	
		7. Total from additional pages (if any)	0
		8. Total of Lines 1 through 7	258,894

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Schedule 5 - Fixed Assets (See instructions for Item 15)

(A) Description	(B) Cost or Other Basis	(C) Total Depreciation or Amount Expensed	(D) Book Value	(E) Fair Market Value
1. Land (give location)				
KENT WASHINGTON	1,033,470		1,033,470	1,197,700
PORTLAND OREGON	275,000		275,000	505,400
SEE ATTACHED	5,510,693		5,510,693	6,081,500
2. Total from additional pages (if any)	0		0	0
3. Buildings (give location)				
KENT WASHINGTON	3,803,170	1,595,006	2,208,164	2,314,200
PORTLAND OREGON	1,254,383	480,600	773,783	1,240,700
SEE ATTACHED	1,037,513	357,415	680,098	1,960,100
4. Total from additional pages (if any)	0	0	0	0
5. Automobiles and Other Vehicles	2,154,993	1,134,211	1,020,782	1,020,782
6. Office Furniture and Equipment	1,750,634	1,658,231	92,403	92,403
7. Other Fixed Assets	3,237,761	1,743,629	1,494,132	1,494,132
8. Total of Lines 1 through 7	20,057,617	6,969,092	13,088,525	15,906,917

Schedule 6 - Loans Payable (See instructions for Item 19)

(A) Source	(B) Amount
1. [REDACTED]	
2. [REDACTED]	
3. [REDACTED]	
4. [REDACTED]	
	5. Total from additional pages (if any)
	6. Total of Lines 1 through 6

SCHEDULE 2 - INVESTMENTS

AMERICAN CAPITAL WORLD GROWTH AND INCOME	\$	3,427,053
AMERICAN GROWTH FUND OF AMERICA	\$	3,862,142
VANGUARD INDEX FUND S&P 500	\$	2,670,162
AMERICAN CAPITAL INCOME BUILDER	\$	2,256,638
AMERICAN INCOME FUND OF AMERICA	\$	2,476,019
AMERICAN NEW WORLD FUND	\$	2,580,243
FIDELITY ADV NEW INSIGHTS FUND	\$	2,960,290
FIRST EAGLE GLOBAL	\$	2,800,528
SUBTOTAL INVESTMENTS	\$	<u>23,033,075</u>

SCHEDULE 5 - FIXED ASSETS

	COST OR BASIS	TOTAL DEPREC	BOOK VALUE	FMV
LAND:				
PORTLAND OREGON	\$ 412,210		\$ 412,210	\$ 438,400
BELLINGHAM WASHINGTON	\$ 140,191		\$ 140,191	\$ 1,263,300
BILLINGS MONTANA	\$ 19,023		\$ 19,023	\$ 67,900
OREGON CITY OREGON	\$ 243,289		\$ 243,289	\$ 350,700
RENTON WASHINGTON	\$ 720,000		\$ 720,000	\$ 780,000
FIFE WASHINGTON	\$ 167,200		\$ 167,200	\$ 224,000
CASPER WYOMING	\$ 15,000		\$ 15,000	\$ 41,600
ROCK SPRINGS WYOMING	\$ 29,000		\$ 29,000	\$ 145,500
ANCHORAGE ALASKA	\$ 1,876,955		\$ 1,876,955	\$ 1,249,300
TUKWILA WASHINGTON	\$ 1,887,825		\$ 1,887,825	\$ 1,520,800
SUBTOTAL LAND	\$ 5,510,693		\$ 5,510,693	\$ 6,081,500
BUILDINGS:				
OREGON CITY OREGON	\$ 427,010	\$ 99,023	\$ 327,987	\$ 620,200
RENTON WASHINGTON	\$ 295,200	\$ 72,602	\$ 222,598	\$ 955,000
FIFE WASHINGTON	\$ 135,300	\$ 30,443	\$ 104,857	\$ 19,500
CASPER WYOMING	\$ 91,497	\$ 91,497	\$ -	\$ 331,800
ROCK SPRINGS WYOMING	\$ 63,850	\$ 63,850	\$ -	\$ 9,000
TUKWILA WASHINGTON	\$ 24,656	\$ -	\$ 24,656	\$ 24,600
SUBTOTAL BUILDINGS	\$ 1,037,513	\$ 357,415	\$ 680,098	\$ 1,960,100