U.S. Department of Labor

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March 26, 2007

Mr. Steve Piper, Business Manager/Secretary-Treasurer
Laborers
Local 353
2121 Delaware
Des Moines, Iowa 50317

LM File Number **001616**
Case Number: [redacted]

Dear Mr. Piper:

This office has recently completed an audit of Laborers Local 353 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 and Mary Ellen VanScoy on March 15, 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-2) filed by Local 353 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. The names of some officers and the total amounts of payments to them or on their behalf were not reported in Schedule 11 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Schedule 11 regardless of whether or not they received any payments from the union. Specifically, at-large Executive Board members were not reported on the 2005 LM-2.

2. Local 353 also failed to include reimbursements to officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). Such payments appear to have been erroneously reported in Schedules 15 through 19.

   Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). It was discussed in the exit interview that the audit revealed direct reimbursements being paid to officers and employees for meals and hotel expenses were not properly reported in Schedules 11 and 12. In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

3. Disbursements for the operation and maintenance of union automobiles were also not properly reported. The LM-2 instructions provide two methods for reporting automobile-related expenses. Direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance) must be reported in Schedules 11 and 12.

   The expenses may be divided and reported in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use. Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or Schedule 12 with an explanation in Item 69 (Additional Information) that the vehicle was used part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the vehicle was used partly for official business.

4. Receipts were not being properly categorized in Items 36 thru 48 on the LM-2. Specifically, payments received during the audit year for items such as initiation fees, insurance claim proceeds, pre-paid legal fees, and life insurance premiums were improperly reflected in Item 36 – Dues and Agency Fees.

5. The CAP also disclosed that Local 353's total receipts and disbursements were both underreported by approximately $8,800. Your outside accountant advised our office that some items were apparently "netted" which would account for the difference. All receipts must be recorded when actually received by an organization and disbursements must be recorded when money is actually paid out by the labor organization.

I am not requiring that Local 353 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 353 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to Laborers Local 353 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,

[redacted]
Investigator

cc: Fred Noon, President