



August 24, 2023

Mr. John Lucente, Business Manager
Laborers Local 125
4178 Market Street
Youngstown, OH 44512-1116

Case Number: 350-6025387()
LM Number: 034-778

Dear Mr. Lucente:

This office has recently completed an audit of Laborers Local 125 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 Secretary-Treasurer Barney Mosley on June 12, 2023, 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.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records 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, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation 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 union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 125's 2021 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 125 did not retain adequate documentation for credit card expenses incurred by yourself, Secretary-Treasurer Barney Mosley, and former Business Manager Rocco DiGennaro totaling at least \$1,688.87. For example, supporting documentation for charges

to Apple.com, Fred Martin Ford, and at least 17 gas station receipts were not available for review.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 125 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$329.21. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 125 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, meals at Bob Evans, Buca di Beppo, and Station Square did not have a receipt, the union purpose, or names of attendees. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Disposition of Property

Local 125 did not maintain an inventory of union t-shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Information not Recorded in Meeting Minutes

During the audit, Mr. Mosley advised OLMS that all union disbursements are first discussed and authorized during the executive board meetings then approved at the monthly membership meetings. Disbursements records show a purchase of holiday hams in November 2021, which Mosley stated were only given to members of the local's executive board. However, the executive board and membership meeting minutes do not contain any reference of an authorization or approval for the exclusive disbursement.

Minutes of all executive board or membership meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 125 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit 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 125 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 LM-2 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away t-shirts to union members during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Automobile Expenses

Local 125 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance the union automobile and other allowances totaling at least \$9,350.24.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 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). The union may divide the expenses and report them 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 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle 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 officer or employee used the vehicle partly for official business.

3. Overcounting of Investment Receipts and Disbursements

In Schedule 3 (Sale of Investments and Fixed Assets) and Schedule 4 (Purchase of Investments and Fixed Assets), Local 125 failed to include the value of any reinvestments on the Less Reinvestments line of these Schedules. This resulted in the overcounting of receipts by the union from its investments during the fiscal year. Any investments owned

by the union during the fiscal year that are sold within an investment portfolio and used to purchase a different investment (such as the sale of one mutual fund or stock to purchase another mutual fund or stock without any funds from the sale ever being actually distributed to the union) should have the value of the reinvestments included on the Less Reinvestments line of Schedule 3. Likewise, any investments already owned by the union during its fiscal year of which additional quantities are purchased and thereby reinvested during the year should have the value of any such reinvestments included on the Less Reinvestments line of Schedule 4.

I am not requiring that Local 125 file an amended LM report for 2021 to correct the deficient items, but Local 125 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Laborers Local 125 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,



Investigator

cc: Mr. Barney Mosley, Secretary-Treasurer