U.S. Department of Labor

Employment Standards Administration
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March 23, 2007

Mr. John M. Burns
Treasurer
Laborers Local 152
409 Temple Ave.
Highland Park, IL 60035

Re: Case Number: [redacted]

Dear Mr. Burns:

This office has recently completed an audit of Local 152 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 on January 11, 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 152 for fiscal year ending December 31, 2004, was deficient in the following areas:

1) Disbursements for the operation and maintenance of union automobiles were erroneously reported in Schedule 15 (Representational Activities) of Form LM-2. Direct and indirect disbursements for the operation and maintenance of union owned vehicles (including gasoline, repairs, and insurance) must be reported in Schedules 11 and 12.

The LM-2 instructions provide two methods for reporting automobile-related expenses. 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 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 union 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.

2) Item 10 requires a union to check "Yes" if the labor organization participates in the administration of a trust or a fund or organization, as defined in the instructions, which provides benefits for members and beneficiaries. Item 10 should have been checked "Yes" because Local 152's officers participate in the administration of a profit-sharing fund, a training fund, and a retirement fund.

3) Item 14 requires a union to report the maximum amount recoverable under the labor organization's fidelity bond for a loss caused by any officer, employee or agent of the labor organization who handled union funds. Local 152's bond coverage was $370,000 as of June 30, 2006; this amount was erroneously reported as $300,000 on Form LM-2.

It was necessary for Local 152 to file an amended LM-2 report for fiscal year 2006 to correct the deficient items discussed above. OLMS received an acceptable amended LM-2 report on March 1, 2007; therefore, no further enforcement action will be taken regarding these 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.

The audit of Local 152's 2006 records revealed the following recordkeeping violations:

1) In many instances, Local 152 failed to maintain adequate supporting documentation

for disbursements made to vendors and officers. For example, the union could not provide many receipts for check [redacted] dated September 15, 2005 in the amount of $924.38. Receipts were missing for 15 gasoline purchases, a purchase at Inman's Paint, and a meal expense at LaVitas Restaurant. In addition, the union could not provide adequate documentation for check [redacted] dated December 1, 2005 in the amount of $3240.00. The documentation did not include any description of work or the hourly rates that were being charged by a local contractor.

2) Local 152 could not produce a list of recipients for items that were handed out to members during the last two months of the fiscal year. For example, the union could not provide the names of recipients for the 200 $20 Jewel gift certificates that were given to members before Thanksgiving in November 2005. These certificates were purchased with check number [redacted] on November 8, 2005 payable to Jewel. In addition, the union could not provide a complete list of recipients for 800 blankets ($19.50 each) that it given to members in December 2005. The union only had supporting documentation for 400 members who received these items. These items were purchased with check [redacted] for $24,020.37 payable to Art-Flo Shirt and Lettering Company.

3) Union officers and employees who were assigned union-owned automobiles failed to maintain mileage logs documenting the business use of union vehicles. Logs are required to be maintained for each union vehicle documenting the date, number of miles driven, and business purpose of each use.

As agreed, provided that Local 152 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

I want to extend my personal appreciation to Judy Debartolo, John Lazzaretto, and you 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: John Lazzaretto, President