U.S. Department of Labor

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June 29, 2007

Mr. George Vaughn
Secretary/Treasurer, Business Manager
Laborers Local 702
4343 N. Rancho Dr. Ste. 242
Las Vegas, NV 89130

LM File Number 543-430
Case Number: [redacted]

Dear Mr. Vaughn:

This office has recently completed an audit of Laborers Local 702 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 Recording Secretary Laurie Fujimoto on June 21, 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 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 702 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Items 10 Through 21

   a) In Item 12, Local 702 erroneously reported that during the reporting period the labor organization had an audit or review of its books and records by an outside accountant or by a parent body auditor/representative.

b) In Item 14, Local 702 erroneously reported that 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 was $5,000. The audit revealed that Local 702 is actually bonded for $55,000.

c) In Item 21, Local 702 failed to report that it receives working dues and the minimum and maximum amount received from those dues.

2. Disbursements to Officers

Local 702 erroneously included the employer taxes and contributions for officers in Column D of Schedule 11 (All Officers and Disbursements to Officers). These amounts should be reported in Item 65 of Statement B.

Local 702 did not include some reimbursements and payments to officers totaling at least $831 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

3. Benefits Paid on Behalf of Officers and Employees

Local 702 did not include some payments to the Laborer's Joint Trust Funds totaling at least $20,411 in Schedule 20 (Benefits). It appears that the local erroneously reported these payments in Schedules 15 through 19.

Local 702 must file an amended Form LM-2 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than July 20, 2007. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Laborers Local 702 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: Ernie Ixtlahuac, President
David Berry, CPA