

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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October 24, 2007

Keith Robinson, President
Laborers AFL-CIO
Local Union 846
1701 Central Avenue
Chattanooga, Tennessee 37408

Your LM Number: 015-987
Case No. [REDACTED]

Dear President Robinson:

This office has recently completed an audit of Laborers AFL-CIO, Local Union 846 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 with Investigator [REDACTED] during the exit interview with Ricky Farner, Business Agent and you on June 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 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 846 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 846 did not include some payments to employees, specifically to Lori Barto, an administrative assistant, totaling at least \$1,507.53 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees).

The union must report in Column D of Schedule 12 (Gross Salary Disbursements) the gross salary paid to an employee before any deductions. The union reported Lori Barto's gross salary as \$17,617 but union payroll records indicated that her actual gross salary was \$19,017, a discrepancy of \$1400.00.

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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. The union's cancelled checks indicated that Lori Barto was paid \$107.53 in expenses. This payment was not reported on the LM report.

2. Fixed Assets

The union must report in Column B of Schedule 6 (Cost or Other Basis) the value of any fixed assets owned. In Line 7, Column B, the union reported Office Furniture and equipment valued at \$84,568 and total value of all fixed assets as \$278,899. This amount is \$1,435 less than the amount of fixed assets reported in 2005. In that LM report the union reported Office Furniture valued at \$86,003 and reported in Schedule 4 that it had purchased a computer for \$1,415. The 2006 LM report, Schedule 3 (Sale of Investments and Fixed Assets) denies any sale. In Item 15, the union denied the disposal of any assets other than through sale. Therefore, the value of the fixed assets in 2006 should be the same as 2005. The amount entered for 2006 is the same as the amount provided in the LM report for 2004 without taking into account the purchase of the computer in 2005. The value of the computer should have been included.

I am not requiring that Local 846 file an amended LM report for 2006 to correct the deficient items, but Local 846 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to 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,

H. Craig Neel
District Director