

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 27, 2007

Mr. Anthony Tocci, Business Manager
Laborers (LIUNA)
Local 601
102 Brookside Pl.
New Rochelle, NY 10801-1806

LM File Number 526-813

Case Number [REDACTED]

Dear Mr. Tocci:

This office has recently completed an audit of Laborers Local 601 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 [REDACTED] and yourself on September 27, 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.

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 601's 2006 records revealed the following recordkeeping violations:

During the Organizational Interview Questionnaire, you indicated that Local 601's 2002-2005 records were destroyed in a flood. Although replacement bank statements for the period were obtained, adequate documentation must also be maintained. Adequate documentation includes, but is not limited to: canceled checks, general ledger, disbursements and/or receipts journals and meeting minutes.

As agreed, provided that Local 601 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violations.

The audit also 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-3 filed by Local 601 for fiscal year ending December 31, 2006, was deficient in the following areas:

Local 601 did not include some reimbursements to officers totaling at least \$1000 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 24, Column D. The correct place to report reimbursements to officers is in Item 24, Column E. See the instructions for Item 24 for further explanation.

The union must report most direct disbursements to Local 601 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Local 601 must file an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 12, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Laborers Local 601 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: Terence M. O'Sullivan, LIUNA General President