

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760
Philadelphia, PA 19106
(215)861-4818 Fax: (215)861-4819



September 28, 2007

Mr. John Miller, Business Manager
Laborers (Ind)
Local 824
316 W. Linn Street
Bellefonte, PA 16823-1522

LM File Number 042-743

Case Number: [REDACTED]

Dear Mr. Miller:

This office has recently completed an audit of Laborers Local 824 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 September 26, 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.

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 824's 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 824 did not require officers and employees to submit itemized receipts for meal expenses. 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 824 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. 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.

2. General Reimbursed Expenses

Local 824 did not always retain adequate documentation for reimbursed home telephone expenses incurred by you. On several occasions, telephone bills were not provided to substantiate reimbursed payments.

As previously 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.

Based on your assurance that Local 824 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-3) filed by Local 824 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 824 did not include some reimbursements and salary payments to you totaling at least \$79,529.60 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46 (To employees) and Item 48 (Office & Administrative Expense).

The union must report most direct disbursements to Local 824 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).

2. Assets

Local 824 incorrectly reported cash figures in Item 25 A (Cash at the start of reporting period) and Item 25 B (Cash at the end of the reporting period). Specifically, Local 824 failed to include a Certificate of Deposit valued at approximately \$52,575.28 in the above stated Items. It appears as though Local 824 accounted for the Certificate of Deposit as an investment, which resulted in Item 28 (Investments) being misreported. As of December 31, 2006, the local's investments are valued at approximately \$81,274.20.

Mr. John Miller
September 28, 2007
Page 4 of 4

3. Other Deficient Items

In addition to the above listed deficient items on Local 824's LM-3 report filed for fiscal year ending December 31, 2006, we discussed the following other deficient items on the report during the exit interview.

As discussed, Item 16 (Additional Positions of Officers) should be marked "Yes" because you were paid \$10,000 or more by the local and also received \$10,000 or more as an officer or employee of a benefit plan.

Item 17 (Employees) should be marked "Yes" because Local 824 did pay an employee salary, allowances, and other expenses which total more than \$10,000.

In Item 20 (Fidelity Bond), this agency asks labor organizations to report the maximum amount of recoverable under the local's fidelity bond. Local 824 had only reported an amount of \$10,000. According to you records, Local 824 is covered for \$70,000.

Local 824 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 26, 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 824 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: John Peters, President
Albert Young, Treasurer