

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 22, 2008

Mr. Hugo Carballo, President
Construction and Master Laborers Local 11
3660D Wheeler Avenue
Alexandria, VA 22304

LM File Number 542-642
Case Number: [REDACTED]

Dear Mr. Carballo:

This office has recently completed an audit of Laborer's Local 11 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 Secretary-Treasurer Ernesto Galeas on September 19, 2008, 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 11's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 11 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by its officers. For example, the union's records did not contain adequate documentation for several reimbursements to officers for payments to an area soccer league, the purchase of numerous Thanksgiving Day turkeys, parking, and gasoline. In addition, Local 11 did not maintain several receipts for purchases on the union's credit cards, including gasoline purchases, Christmas baskets, and raffle items for membership meetings.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The information in the union's records must document the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient of the goods or services. For parking reimbursement, the date, amount, location, and business reason must be recorded. Union records should reflect the raffle winners and the item that they won. 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.

2. Meal Expenses

Local 11 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 11 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. In addition, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. General Expenses

Adequate supporting documentation was not retained for some of Local 11's disbursements including payments for physicals, contributions to charities, and disbursements from petty cash. For example, Local 11 made numerous payments by checks to Concentra Medical Center during the audit period to pay for members' physicals. However, Local 11 did not keep invoices to support many of the checks.

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.

4. Receipts

Local 11's receipt records did not contain adequate documentation to properly identify money received by the union. For example, there was nothing in the union records regarding some checks from the Laborer's Joint Training Fund and money received by the union's PAC fund. In addition, the union's records were not adequate to explain the dates and amounts of some deposits into the union's bank account.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received as well as the source of the money.

5. Information not Recorded in Meeting Minutes

During the audit, the local advised OLMS that the membership and executive board authorized some expenditures during their meetings. In some cases, the union maintained meeting minutes, but those minutes did not contain details of the expenses authorized. Minutes of all membership or executive board meetings must report the details of disbursement authorizations made at those meetings.

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Based on your assurance that Local 11 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Laborers Local 11 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Ernesto Galeas, Secretary-Treasurer