

U.S. Department of Labor

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January 12, 2009

Mr. Louis Mandarinini, Business Manager
Laborers
Local 22
35 Highland Avenue
Malden, MA 02148-6630

LM File Number 016-194
Case Number: [REDACTED]

Dear Mr. Mandarinini:

This office has recently completed an audit of Laborers Local 14 under the Compliance Audit Program (CAP) to determine Local 14'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 LIUNA Auditor William Rotella on January 6, 2009, 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.

The CAP disclosed recordkeeping violations and reporting violations.

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 14's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 14 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$2,300. For example, adequate documentation was not retained for automobile fuel; flight and hotel expenses for conventions and conferences; meal expenses; and other reimbursed expenses.

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.

2. Failure to Record Disbursements

Local 14 did not record in its disbursements records three disbursements totaling \$177.80. For example, the disbursements included bank fees and check printing fees. Union disbursements records must include an adequate identification of all money the union disburses. The records should show the date, amount, and receiver of the disbursed funds.

3. Failure to Maintain Receipt Records

Local 14 did not retain documentation for dues rebates received from the Laborers District Council totaling at least \$130,500 during the audit period.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. 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. Failure to Maintain Bank Statements

Local 14 did not maintain bank statements for the local's certificate of deposit accounts for the fiscal year ending December 31, 2006. The union must maintain all bank statements.

As of May 4, 2007, Local 14 terminated and merged with Local 22. Local 22 agrees to retain Local 14's records in accordance with LMRDA Section 206 to be available for examination for a period of not less than five years after the filing of the documents based on the information which the documents contain. 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 14 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The

instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Failure to Properly Categorize Disbursements

Local 14 did not correctly categorize at least \$12,000 in office and administrative payments in Item 48 (Office and Administrative Expenses). It appears as though the local erroneously reported these disbursements in Item 54 (Other Disbursements). The instructions for Item 48 state the total amount of ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. must be entered in Item 48.

I am not requiring that Local 14 file an amended LM report for 2006 to correct the deficient items.

I want to extend my personal appreciation to Laborers Local 14 and Laborers Local 22 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,

Mark Letizi
District Director

cc: William A. Rotella, Jr., LIUNA Auditor
Gregory Cotraro, Laborers Local 14 Business Manager