

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Nashville District Office
233 Cumberland Bend Drive
Room 110
Nashville, TN 37228
(615)736-5906 Fax: (615)736-7148



August 6, 2009

Mr. Glenn Farner Jr, Business Manager
Laborers District Council
51 Century Blvd, Ste 300
Nashville, TN 37214

LM File Number 543-050
Case Number: [REDACTED]

Dear Mr. Farner Jr:

This office has recently completed an audit of Southeast Laborers' District Council 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, CPA Steven Eisenberg, and Attorney Jan Jennings on July 23, 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 the following findings:

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 Laborers District Council for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers and Employees

Laborers District Council did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$5,000 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The district council 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 district council business. In addition, the district council 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 district council personnel incur. However, the district council must report in Schedules 15 through 19 indirect disbursements for business expenses district council personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on district council business. The district council must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to district council personnel for expenses not necessary for conducting district council business.

2. Certificates of Deposit Reported As Investments

Laborers District Council improperly included the value of certificates of deposit as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the district council should not report these transactions as receipts or disbursements.

Laborers District Council must file an amended Form LM-2 for fiscal year ending December 31, 2008 to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than August 23, 2009. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Southeast Laborers' District Council for the cooperation and courtesy extended during this compliance audit. I strongly

Mr. Glenn Farner Jr
August 6, 2009
Page 3 of 3

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