



December 8, 2016

Mr. Edward Byers, Secretary Treasurer  
Laborers, Local 1357  
1800 Ligonier Street  
Latrobe, PA 15650

Case Number: 140-6009497 [REDACTED]  
LM Number: 543200

Dear Mr. Byers:

This office has recently completed an audit of Laborers, Local 1357 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 President [REDACTED] on December 6, 2016, 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 Violation

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 1357's 2015 records revealed the following recordkeeping violation:

#### Disposition of Gifts

During the annual holiday party, the union gave away door prizes, such as DVD players and \$100 gift cards, to union members and their families. Although the union maintained receipts supporting the purchase of these items, the union did not maintain a record of which union

member or family member received the prizes. The union must retain a record of property on hand and information to verify, clarify, and explain all disbursements of property or things of value. The union has agreed to begin keeping these records in the future.

As 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 1357 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 1357 for the fiscal year ended December 31, 2015 was deficient in the following areas:

#### 1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gift cards to each union member totaling more than \$4,500 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in. The union has agreed to document this information on future LM reports.

#### 2. Listing Officers on the LM-3 Report

Item 24, All Officers and Disbursements to Officers, Column A failed to identify all Local 1357 officers. All officers of the labor organization are required to be listed, whether or not any salary or other disbursements were made to them or on their behalf by the labor organization. "Officer" is defined in section 3(n) of the LMRDA (29 U.S.C. 402) as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body." The audit revealed that Local 1357 failed to identify the executive board members in Column A. The union has agreed to list executive board members on future LM reports.

I am not requiring that Local 1357 file an amended LM report for 2015 to correct the deficient items, but Local 1357 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Laborers, Local 1357 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,

[REDACTED]

Investigator

cc: [REDACTED], President  
Jason Parquette, CPA