

**U.S. Department of Labor**

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January 17, 2017

Mr. James Maravelias, Business Manager/Secretary  
Treasurer  
Laborers Local 199  
308 Markus Court  
Newark, DE 19713

Case Number: 140-6009447  
LM Number: 003111

Dear Mr. Maravelias:

This office has recently completed an audit of Laborers Local 199 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 January 17, 2017, 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 199's 2015 records revealed the following recordkeeping violation:

Union Owned/Leased Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) and 12

(Disbursements to Employees) of the LM-2 / Item 24 (All Officer and Disbursements to Officers) of the LM-3.

Local 199 provides the local business manager and local business agent with a union issued vehicle that may be used for personal business. However, Local 199 did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2 allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

Based on your assurance that Local 199 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### Reporting Violation

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 Local 199 for the fiscal year ended December 31, 2015, was deficient in the following area:

##### Inaccurate Reporting of Purchase of Investments and Assets

Local 199 improperly reported current investments as purchased investments in Schedule 4 (Purchase of Investments and Assets). The LM-2 instructions for Schedule 4 require that the local report details of the purchase of U.S. Treasury securities, marketable securities, other investments, and other assets. Local 199 did not purchase new Marketable and Government Securities in 2015. Local 199 recatergorized their union records for fiscal year 2015 to properly reflect the union's investments in Marketable and Government Securities.

Local 199 has since filed an amended Form LM-2 for the fiscal year ended December 31, 2015, to correct and explain the deficient item discussed above therefore, OLMS will take no further enforcement action at this time regarding the above violation.

I want to extend my personal appreciation to Laborers Local 199 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,



Senior Investigator

cc: Mr. Toby L. Lamb, President/Business Agent