



February 12, 2018

Mr. David Leger, Business Manager
Laborers Local 39
434 Water St.
Fitchburg, MA 01420

Case Number: 110-6012611 [REDACTED]
LM Number: 029580

Dear Mr. Leger:

This office has recently completed an audit of Laborers Local 39 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, President Steven Begnoche, and Secretary Treasurer Steven Defazio on February 9, 2018, 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.

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 Local 39 for the fiscal year ended December 31, 2016 was deficient in that it did not include all reimbursements to officers.

Local 39 did not include one reimbursement to Secretary Treasurer Steven Defazio totaling at least \$498.40 for attending a QuickBooks Training in Schedule 11 (All Officers and Disbursements to Officers). The union 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 union business. In addition, the union 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 union personnel incur.

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 39 has not filed a copy with its LM report.

As agreed, Local 39 will file a copy of its current constitution and bylaws with OLMS when they file the December 31, 2017 LM report.

I am not requiring that Local 39 file an amended LM report for 2016 to correct the deficient items, but Local39 has agreed to properly report the deficient items on all future reports it files with OLMS.

Record Keeping 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 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 39 2016 records revealed the following recordkeeping violations:

Local 39 does not keep evidence of employer dues checkoff checks received. Local 39 does keep a receipts journal that includes total dues deposited, as well as a copy of the deposit slip; however, as discussed during the exit interview, it is important that the Local maintain evidence of the dues checks received and deposited. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 39 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 39 for the cooperation and courtesy extended during this compliance audit. I commend you on the organization of all your records, and your disbursement record keeping. 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