



October 18, 2012

Mr. Jeff Smith, President/Secretary Treasurer/Business Agent
Bricklayers Local 3
P.O. Box 1056
601S. 12th Ave
Marshalltown, IA 50158-1056

Case Number: [REDACTED]
LM Number: 526915

Dear Mr. Smith:

This office has recently completed an audit of Bricklayers Local 3 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 Vice Chairman/Field Agent Ray Lemke on September 21, 2012, 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 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 3's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 3 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by use union officers. 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.

2. Meal Expenses

Local 3 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Inventory of Property

Local 3 did not maintain an inventory of its fixed assets. The union must report the value of any union property on hand at the beginning and end of each year in Item 27 (Fixed Assets) of the LM-2. The union must retain an inventory or similar record of union's property to verify, clarify, and explain the information that must be reported in Item 27.

Based on your assurance that Local 3 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 3 for the fiscal year ended December 31, 2011, was deficient in that:

Disbursements to Officers and Employees

Local 3 did not include some reimbursements / payments to officers in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedule 11 direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedule 11 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements)

of Schedule 11 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 3 file an amended LM report for 2011 to correct the deficient items, but Local 3 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Bricklayers Local 3 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Ray Lemke Vice Chairman
Jeff Forrest Vice Chairman