U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New York District Office
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November 3, 2005

Laurel Mackenzie, President
Laborers, Local 305
1600 Martine Avenue
Scotch Plains, NJ 07076

Re: 2

Dear Ms. Mackenzie:

This office has recently completed an audit of Laborers, Local 305 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, as Amended (LMRDA). As discussed during the exit interview with you on October 26, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following reporting violations were revealed during the audit of Local Union 305's 2003 and 2004 records:

The CAP disclosed a violation of Title II of the LMRDA regarding the annual financial reports required by your organization under Section 201(b) of the Act for fiscal years ending June 30, 2003 and June 30, 2004.

Reported in "other receipts" (item 43) on the 2004 LM-3 report, was $3020.00 which could not be located in the local's books and records. You have indicated that this reflected a credit that LIUNA issued the local for overpayment of per capita tax. Since this was a non-monetary credit, it was incorrectly reported as a receipt. Receipts exclusively represent cash transactions on the LM report. On the 2004 LM-3 report, in the category of disbursements, the reported per capita tax (PCT), item 47, included the credit from

LIUNA to the local for overpayment of PCT. In actuality, the local did not disburse $45,570.00 in per capita taxes, as was reported.

Another reporting deficiency was found in the category of "other disbursements," (item 54) on the 2003 and 2004 LM-3 reports. On the 2004 report, there was $4992.00 reported in item 54, which you indicated was the difference of the certificates of deposit (CD) balances (which had been incorrectly reported, and subsequently carried forward, in previous fiscal years). This correction--$30,500.00 as the beginning balance in item 28A, to $25,508.00 in item 28B--should not have been reflected as a disbursement, since money was not exchanged.

The two reporting errors regarding other receipts and disbursements should properly be reported in the additional information section of the LM-3 report (item 56). Inasmuch as you have agreed to file amended reports by November 18, 2005, no further action is contemplated at this time.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

Investigator