



September 3, 2015

Mr. Andrew Schwartz, President
Laborers Local 1329
P.O. Box 863
Iron Mountain, MI 49801-0863

Case Number: 320-6004170()
LM Number: 003461

Dear Mr. Schwartz:

This office has recently completed an audit of Laborers Local 1329 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 Business Manager Gene Alessandrini, Jr., Secretary-Treasurer Anthony Alessandrini, and Administrative Assistant Keri Johnson on August 31, 2015, 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 1329's 2014 records revealed the following recordkeeping violations:

1. Disbursements to Vendors, General Reimbursed Expenses, and Credit Card Expenses

Local 1329 did not retain adequate documentation for disbursements to vendors, payments to Mr. Alessandrini, Jr. and former Business Manager [REDACTED], and 54 credit card expenses incurred by Mr. Alessandrini, Jr., Mr. Alessandrini, and [REDACTED] totaling at least \$8,907. For example, adequate supporting documentation was not retained for a \$625 check issued to Sholander Driver Testing on March 18, 2014 for CDL testing. In support of this expense, Local 1329 only retained the check stub and a duplicate receipt for a \$625 reimbursement received from the Michigan Laborers Training and Apprenticeship Fund on April 8, 2014, which is not sufficient. In addition, adequate supporting documentation was not retained for a \$77.28 charge [REDACTED] made at Comfort Inn Lansing on December 18, 2014 for what appears to be lodging to attend a District Council meeting. In support of this expense, Local 1329 only retained a credit card statement, which is not sufficient

As another example, officers and employees were not required to submit itemized meal receipts for meal expenses totaling at least \$4,816. Local 1329's records of meal expenses also did not always include written explanation of union business conducted or the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, an itemized receipt was not retained for a \$334.87 charge made by [REDACTED] at Romagnoli's in Iron Mountain, MI on April 16, 2014, and the credit card signature receipt retained for this meal expense did not include the nature of the union business conducted on the receipt.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. 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. 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. Union Owned Vehicles

Local 1329 did not maintain records necessary to verify the accuracy of the information reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2.

Local 1329 incurred expenses totaling at least \$20,379 for automobiles assigned to [REDACTED] and Mr. Alessandrini, Jr. during 2014. However, Local 1329 did not maintain adequate records documenting business versus personal use of the union vehicles by [REDACTED] and Mr. Alessandrini, Jr. [REDACTED] and Mr. Alessandrini, Jr. did not maintain mileage logs for each trip they took using union owned vehicles. Instead, they informally

tracked or estimated the business and personal mileage they accrued throughout the year, which is not sufficient.

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.

3. Reimbursed Auto Expenses

Mr. Alessandrini, Jr., who received reimbursement for business use of his personal vehicle, did not retain adequate documentation to support payments to him totaling at least \$1,008 during 2014. Mr. Alessandrini, Jr.'s mileage reimbursements were claimed on expense vouchers that identified the total miles driven and the union business conducted; however, the expense vouchers were not sufficient because they failed to identify the dates of travel, the locations traveled to and from, and the number of miles driven each day. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Disposition of Property

During fiscal year 2014, Local 1329 purchased items (e.g., shot glasses, can holders, bandanas, electronics, gift cards, etc.) totaling at least \$14,210 that were given away to members, but failed to maintain an inventory of the property that was purchased and given away. Additionally, Local 1329 did not maintain adequate records that identify the recipients of the items that were given away. Records must be retained which account for all union property. In the case of shot glasses, can holders, bandanas, electronics, gift cards, or other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 1329 in Statements A and B of the Labor Organization Annual Report (Form LM-2). The value of any shot glasses, can holders, bandanas, electronics, gift cards, or similar property on hand at the beginning and end of the year should be reported in Item 28 (Other Assets). In addition, the type and value of any property received or given away must be identified in the additional information section of the Labor Organization Annual Report (Form LM-2) report with the identity of the recipient(s) or donor of such property.

5. Lack of Salary Authorization

Local 1329 did not maintain records to verify that the salaries reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2 were the authorized amounts and were therefore correctly reported.

The audit revealed that Mr. Alessandrini received salary payment of \$1,000 on December 16, 2013 as a Christmas bonus equal to one week of his pay as an organizer for the Great Lakes Region Organizing Committee (GROC). A review of Local 1329's minutes revealed that the executive board and membership approved 2013 Christmas bonuses equal to one week's pay for several officers and employees, but not for Mr. Alessandrini. The audit did not reveal any authorization for this Christmas bonus in any other union records. At the exit interview, Mr. Alessandrini, Jr. stated that Mr. Alessandrini was authorized to receive a 2013 Christmas bonus and that his name was inadvertently left out of the authorization of Christmas bonuses that was recorded in Local 1329's minutes. The union must keep a record, such as meeting minutes, to show the current salaries for officers and employees as authorized by the entity or individual with the authority to establish salaries.

Based on your assurance that Local 1329 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-2) filed by Local 1329 for the fiscal year ended June 30, 2014, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 (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 shot glasses, can holders, bandanas, electronics, gift cards, and other items totaling more than \$14,000 during the year, primarily at its Christmas party and other special events. In addition, Local 1329 traded-in a 2010 Ford F-150 pickup truck valued at \$11,800 towards the down payment for a 2014 Jeep Cherokee 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.

2. Disbursements to Officers

Local 1329 did not include some reimbursements to Mr. Gallino and Mr. Alessandrini, Jr. totaling at least \$4,796 in Schedule 11 (All Officers and Disbursements to Officers), Column F (Disbursements for Official Business). It appears the union erroneously reported union credit card charges made by [REDACTED] and Mr. Alessandrini, Jr. for meal expenses totaling at least \$3,042 and payments to [REDACTED] and Mr. Alessandrini, Jr. totaling at least \$1,754 for reimbursements for meal and travel expenses in Schedules 15 through 19.

In addition, Local 1329 did not include a \$250 payment made to former President [REDACTED] [REDACTED] for being an election judge in the amount reported in Schedule 11, Column E (Allowances Disbursed). Local 1329's disbursements records for the audit period indicate that [REDACTED] received allowance payments totaling \$875; however, the total amount reported in Column E of Schedule 11 for [REDACTED] was \$625. It appears that Local 1329 erroneously reported the payment in Schedules 15 through 19.

The union must report in Column E (Allowances Disbursed) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for allowances paid on a daily, weekly, monthly, or other periodic basis. However, allowances paid on the basis of mileage or meals must be reported in Column F (Disbursements for Official Business) or G (Other Disbursements), as applicable. 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. 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 Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

3. Failure to Itemize Disbursements

Local 1329 did not properly report two "major" disbursements in Schedules 17 (Contributions, Gifts & Grants) and 18 (General Overhead). A "major" disbursement includes any individual disbursement of \$5,000 or more or total disbursements to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that Local 1329 had two disbursements totaling at least \$6,817 to USA Union Products for membership gifts and door prizes that were not properly reported on an itemization page for USA Union Products in Schedule 17 (Contributions, Gifts and Grants). Additionally, Local 1329 had eight disbursements totaling at least \$11,076 to the City of Iron Mountain for property taxes and city services that was not properly reported on an itemization page for the City of Iron Mountain in Schedule 18 (General Overhead).

I am not requiring that Local 1329 file an amended LM report for 2014 to correct the deficient items, but Local 1329 has agreed to properly report the deficient items on all future reports it files with OLMS.

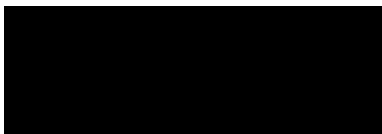
Other Issues

Use of Signature Stamp

During the opening interview, Mr. Alessandrini, Jr. advised that during fiscal year 2014 current Secretary-Treasurer Anthony Alessandrini was authorized to stamp the signature of former Business Manager [REDACTED] on union checks and that Office Manager Anna Martin is still authorized to stamp Mr. Alessandrini Jr.'s signature on union checks. Mr. Alessandrini, Jr. further advised that it is Local 1329's practice to only allow one signature stamp to be used per check. Article IV, Section 4(A)(1) of the Uniform Local Union Constitution of the Laborers' International Union of North America requires that checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1329 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Laborers Local 1329 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,



Investigator

cc: Mr. Gene Alessandrini, Jr., Business Manager
Mr. Anthony Alessandrini, Secretary-Treasurer