

U.S. Department of Labor

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Office of Labor-Management Standards
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September 12, 2008

Mr. Gene Haefner, Treasurer
Laborers Local 218
PO Box 775
7232 Herter Industrial Drive
Godfrey, IL 62035

LM File Number 011-719
Case Number: [REDACTED]

Dear Mr. Haefner:

This office has recently completed an audit of Laborers Local 218 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 Business Manager Robert McDonald on August 29, 2008, 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 218's 2007 records revealed the following recordkeeping violations:

1. Failure to Retain Receipt Records

Local 218 did not retain some employer dues checkoff reports. For example, the local received a dues checkoff check from Maul Excavating in August 2007 for \$293.54, but did not retain the corresponding checkoff report from the employer. Local 218 must maintain adequate records to verify, clarify, and explain the information contained on the LM-2 report.

2. Failure to Write Duplicate Receipts

Local 218 did not write duplicate receipts for some dues payments received from individual members. For example, records show that \$521.90 more was deposited than receipted for the months of August and November 2007. Article 4, Section D(1) of the International Constitution dated November 2006 states that the Secretary-Treasurer must provide a receipt for all monies paid to the local.

Based on your assurance that Local 218 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 218 for fiscal year ending December 31, 2007, was deficient in the following area:

Some Officers Not Reported on LM-2

Local 218 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 218 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 218 file an amended LM report for 2007 to correct the deficient items, but Local 218 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to you 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: Harold Brown, President