



January 12, 2011

Mr. Kevin Lee, International Representative
Laborers Local 464
1438 N. Stoughton Road
Madison, WI 53714

Case Number: [REDACTED]
LM Number: 025285

Dear Mr. Lee:

This office has recently completed an audit of Laborers Local 464 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 on January 11, 2011, 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 464's 2009 records revealed the following recordkeeping violation:

Meal Expenses

Local 464 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$120. Local 464 only required officers and employees to retain the credit card signature receipt showing the name of the vendor, the date, and the amount

of the expense. 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.

Based on your assurance that Local 464 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 502(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 464 for fiscal year ended December 31, 2009 was deficient in that:

Disbursements to Officers

Local 464 did not include some indirect disbursements to officers and employees totaling at least \$2,959 in Schedule 11 (All Officers and Disbursements to Officers). Local 464's credit card statements and expense vouchers for the audit year indicate that Mr. Burke, Mr. Satern, Mr. Nelson, former Business Manager Thomas Roach, and Executive Board Member James Meicher incurred reimbursed and credit card expenses totaling \$35,963. However, the total amounts reported in Column F (Disbursements for Official Business) of Schedules 11 total only \$33,004. It appears that some of these expenses were erroneously reported in Item 5 (All Other Disbursements) on the Detailed Summary Page for Schedules 15 through 19.

In addition, Local 464 erroneously reported in Schedule 11 the names of some individuals who are not officers of the union. During the exit interview, Mr. Lee confirmed that Local 464's stewards and Assistant to the Supervisor, Corey McGovern, are not members the union's executive board and that the union's bylaws do not identify them as officers of the union. The stewards and Mr. McGovern are considered employees for LM reporting purposes, and the total payments to them are required to be reported in Schedule 12 (Disbursement to Employees).

Direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur must be reported in Column F of Schedules 11 and 12. However, 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 must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

I am not requiring that Local 464 file an amended LM report for 2009 to correct the deficient items, but Local 464 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Laborers Local 464 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,



Senior Investigator

cc: Mr. Daniel Burke, Vice President