



March 21, 2011

Mr. Mikael Folin, President
Laborers, Local 620
109 S. Oak Street
Worthington, SD 57077

Case Number: [REDACTED]
LM Number: 543-905

Dear Mr. Folin:

This office has recently completed an audit of Laborer Local 620 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 Peter Bardeson and Office Manager Michelle Bardeson on February 17, 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 620's 2010 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 620's accounting software (Peachtree) reflect the date money was deposited but not the date money was received. In addition, entries in the local's triplicate receipts did not always reflect the date that the money was received. Receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that receipts must be recorded when money is actually received, and disbursements must be recorded when money is actually paid out. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received.

2. Lack of Salary Authorization

Local 620 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 were the authorized amounts and were therefore correctly reported. Local 620 must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual with the authority to establish salaries. The audit revealed that Mr. Bardeson received a salary of \$53,242, and that Michelle Bardeson received a salary of \$29,392. Mr. Bardeson advised that both salaries were initially established by the district council when the local was formed, but that the authorized amounts are not recorded in any record.

Based on Mr. Bardeson's assurances that Local 620 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 Laborers Local 620 for the fiscal year ended May 31, 2010, was deficient in that:

Disbursements to Officers

Local 620 did not include indirect payments to Business Manager Peter Bardeson totaling at least \$994 in Schedule 11 (All Officers and Disbursements to Officers). A review of the local's credit card billing statement found that Mr. Bardeson had meal expenses totaling \$857 and automobile maintenance expenses totaling \$137 that were not reported in Column F (Disbursements for Official Business) of Schedule 11. The records show that Mr. Bardeson charted gasoline expenses totaling \$4,253. That same amount was reported in Column F of Schedule 11. Therefore, it appears that the additional expenses he incurred for meals and automobile maintenance were erroneously reported in Schedules 15 through 19.

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 620 file an amended LM report for 2010 to correct the deficient item, but Local 620 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 620 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. Peter Bardeson, Business Manager