



November 1, 2005

Mr. Joseph Schonlau  
Financial Secretary  
Bricklayers Local 1  
2000 Market Street  
St. Louis, Missouri 63103

Dear Mr. Schonlau:

This office has recently completed an audit of Bricklayers Local 1 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 Mr. Lloyd Schnieders on October 31, 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.

The CAP disclosed that Local 1 was not adequately bonded in violation of Section 502 of the LMRDA. Specifically, Local 1 should be bonded for at least \$383,000 to be in compliance with the Act. You agreed to provide proof of the increased bonding coverage to this office as soon as possible.

The CAP also disclosed that the local's most recent constitution and bylaws was not on file with our office, in violation of Section 201(a) of the LMRDA. As the local's most recent constitution and bylaws was obtained during the CAP, no further action is needed.

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 reported on the LM-2 can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained.

The audit disclosed that Local 1 failed to maintain adequate records in violation of Section 206 in that all backup documentation for disbursements was not being retained. Specifically, it was discussed that the appropriate documentation needs to be retained for all meal expenses, Christmas party related items, and building repairs. As you agreed to correct these deficiencies in your records, no further action is required.

The CAP also disclosed that Local 1 filed a deficient LM-2 report for fiscal year ended December 31, 2004, in violation of Section 201(b) of the LMRDA. The following deficiencies were noted:

1. The audit disclosed that meal expenses being incurred by officers with the related meal charges being paid directly to the restaurants by the local are not being properly reported in Schedule 9, Column F. Indirect disbursements made to another party (such as a credit card company or business entity) on behalf of an officer for business expenses incurred, such as meals, must be reported in Schedule 9.

It was also discussed that indirect disbursements incurred by officers for either temporary lodging or transportation by a public carrier, such as airfare, which is necessary for conducting union business while the officer is away from his or her home and principal place of employment are not reportable in Schedule 9. These particular types of charges are reportable in Schedule 13.

2. The weekly expense allowance being paid to Business Manager Don Brown is not being properly reported in Schedule 9, Column E.
3. The cost amount of investments being purchased through earned interest/dividends were not properly reported in Schedules 2 and 6 on the LM-2. Please refer to pages 9-10 of the LM-2 instructions for further details.

As the local agreed to correct these deficiencies on future LM filings with this office, no further action is required.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

Dennis L. Eckert  
District Director

By: *7(11)*  
Investigator

cc: Mr. *L*oyd Schnieders, CPA

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