



September 16, 2011

Mr. Kevin A. John, President
Laborers, Local 621
1521 North Union Street
Olean, NY 14760

Case Number: |||||
LM Number: 035885

Dear Mr. John:

This office has recently completed an audit of Laborers, Local 621 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 Treasurer Don Giardini and Recording Secretary Ed Giardini on July 29, 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 Violation

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 621's 2010/2011 records revealed the following recordkeeping violation:

Credit Card Expenses

Local 621 did not retain adequate documentation for credit card expenses incurred by Don Giardini and Ed Giardini totaling at least \$621. For example, no receipt was available for a charge at BJ's Wholesale on June 10, 2010 in the amount of \$96.41.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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.

Based on your assurance that Local 621 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 621 for the fiscal year ended June 30, 2010, was deficient in the following areas:

1. Disbursements to Employees

Local 621 did not report disbursements to employees (Virginia Rehler) totaling at least \$13,359 in Schedule 12 (Disbursements to Employees). The local erroneously reported these payments in Schedule 18 (General Overhead).

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.

2. Per Capita Tax Improperly Reported

Local 621 made periodic payments to a higher labor organization it is associated with, Upstate New York Laborers and incorrectly reported these payments as a lump sum

payment of \$14,800 in Schedule 15 (Representational Activities). These payments should be reported in Item 56 (Per Capita Tax).

I am not requiring that Local 621 file an amended LM report for 2010 to correct the deficient items, but Local 621 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 621 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,

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Investigator

Enclosures

cc: Mr. Donald R. Giardini, Treasurer
Mr. Edward L. Giardini, Jr, Recording Secretary
Mr. Bruce Gould, Haines & Company, CPA