

U.S. Department of Labor

Employment Standards Administration
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March 9, 2010

Mr. Vincent Masino
Laborers New England Region
410 South Main Street
Providence, R.I. 02903

LM File Number: 543-191

Case Number: [REDACTED]

Dear Mr. Masino:

This office has recently completed an audit of Laborers New England Region 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 exit interview with you on March 4, 2010, 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 Laborers New England Region Organizing Fund's 2008 records revealed the following recordkeeping violations:

1. Meal Expenses

Laborers New England Region Organizing Fund did not retain adequate documentation for reimbursed meal expenses incurred by union officers and employees totaling at least \$1,698.53. The meal receipts either did not have the names and titles of the individuals partaking in the meals or only noted some of the participants. Also, there was no meal receipt attached to a credit card statement to validate a payment of \$61.20 disbursed on April 11, 2008.

Union 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.

2. Disposition of Property

Laborers New England Region did not maintain an inventory of T-Shirts it purchased and gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

3. Disbursement Dates

Laborers New England Region Organizing Fund's Transaction Detail reflected the date some checks were cashed and not when they were disbursed. The LM-2 instructions for Statement B (Receipts and Disbursements) state that disbursements must be recorded when money is actually paid out by the labor organization.

Disbursement entries in the Fund's Transaction Detail noted payroll checks when cashed and not when actually dispersed. This resulted in checks not being carried as outstanding checks and being noted as cashed in the year after they were actually dispersed. The Fund's Reconciliation Detail carried two checks as outstanding at the end of the year when the checks had actually been voided.

Based on your assurance that Laborers New England Region 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 LM-2 filed by Laborers New England Region Organizing Fund for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements To Employees

Laborers New England Region did not report reimbursements to employees totaling at least \$624 in Item 12 F (Disbursements For Official Business). It appears that the local erroneously reported these payments in Item 19 (Union Administration).

The union must report in Column F of Schedule 12 (Disbursements for Official Business) direct disbursement to employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedule 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.

2. Failure to Itemize Disbursement

Laborers New England Region Organizing Fund did not properly report several "major" transactions in Schedule 4 and Schedule 18. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period. The audit found that the Fund aggregated \$155,463.29 on Schedule 4 (Purchase of Investments and Fixed Assets) under two categories (Leasehold Improvements and Furniture, fixtures, and computer equipment) when the seven different individual/entities receiving \$5,000 or more should have been individually identified/itemized.

3. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets and T-Shirts totaling \$15,182 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition the union must report the cost, book value, and trade-in allowance for assets traded in.

I am not requiring that Laborers New England Region file an amended report for 2008 to correct the deficient items, but the Fund has agreed to properly report the deficient items on all future report it files with OLMS.

I want to extend my personal appreciation to Laborers New England Region 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,

Mr. Vincent Masino
March 4, 2010
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Mark Letizi
District Director

cc: Mr. Scott Gustafson, Director