

U.S. Department of Labor

Employment Standards Administration
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March 18, 2009

Mr. Denis Mazzone, President
Laborers International Union of North America
Local Union 1451
816 Ligonier Street
Suite 202
Latrobe, PA 15650

LM File Number: 002-048
Case Number: [REDACTED]

Dear Mr. Mazzone:

This office has recently completed an audit of Laborers Local 1451 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 March 9, 2009, 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 1451's 2007 records revealed the following recordkeeping violations:

1. Failure to Maintain Bank Records

Local 1451 failed to maintain all certificate of deposit statements. All bank records must be maintained.

2. Failure to Maintain Receipt Records

Local 1451 recorded receipts in a spiral notebook prior to depositing the receipts in a union bank account. The notebook served as a detailed deposit slip listing each deposit item included in a deposit. Therefore, the notebook serves as a required record to verify receipts. Currently the notebook is discarded when it is full. The notebook must be maintained as other required records.

Based on your assurance that Local 1451 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(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 1451 amended its bylaws in 2005, but did not file a copy with its LM report for that year. Local 1451 has now filed a copy of its bylaws.

Other Issues

The audit disclosed the following other issues:

1. Signing Blank Checks

During the audit, you advised that John Boyd signs blank checks. Your union's constitution requires that all checks be signed by the president and secretary-treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1451 review these procedures to improve internal control of union funds.

2. Union Receipts (Income)

The audit revealed that Local 1451 makes deposits twice each month including a deposit always on the last day of each month. OLMS recommends that Local 1451 make deposits of receipts more often, preferably within a few days after received.

I want to extend my personal appreciation to Laborers Local 1451 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,


Investigator

cc: cc: James Boyd, Secretary-Treasurer