

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
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June 23, 2006

Mr. Pat Sheppard, President  
Laborers  
Local 338  
47 West Ferguson Ave.  
Wood River, IL 62095

Re: Case Number: \_\_\_\_\_

Dear Mr. Sheppard:

This office has recently completed an audit of Laborers Local 338 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 Keith Diveley on June 2, 2006, 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.

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 5 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, all records used or received in the course of union business must be retained.


The audit of Local 338's 2005 records revealed that Local 338 is in violation of Section 206 by failing to maintain adequate documentation regarding the local's CD accounts. Yearly or quarterly CD statements were not provided for all of the accounts. Documentation for the CD at the \_\_\_\_\_ was adequate, but the CD's at \_\_\_\_\_ lacked appropriate documentation. Diveley agreed to improve the record keeping in this area.

As agreed, provided that Local 338 implements the changes to improve record keeping and maintains adequate documentation as discussed above, this matter will be resolved.

Also, Diveley stated that he has recently written a check to cash for travel expenses for you. Although there is nothing prohibiting the local from writing checks to cash, I recommend the local review this procedure to improve internal controls of union funds. This payment must also be attributed to you on Schedule 11 of the LM-2 report next year.

I want to extend my personal appreciation to Laborers Local 338 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 Diveley are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

  
Investigator

cc: Keith Diveley  
47 West Ferguson Ave.  
Wood River, IL 62095