



May 3, 2012

Mr. Dan Meadows, Business Manager  
Laborers Local 44  
P.O. Box 1073  
Collinsville, IL 62234

Case Number: [REDACTED]  
LM Number: 016462

Dear Mr. Meadows:

This office has recently completed an audit of Laborers Local 44 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 Financial Secretary Albert Woolen on April 19, 2012, 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 44's 2011 records revealed the following recordkeeping violations:

1. Failure to Record Fixed Assets

Local 44 did not maintain an inventory of fixed assets it possesses, purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 of the LM-3. 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 30.

2. Disposition of Property

Local 44 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. 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 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

Based on your assurance that Local 44 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-3 filed by Local 44 for the fiscal year ended June 30, 2011, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (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 hats 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 that it traded in.

2. Disbursements to Officers

Local 44 did not include some reimbursements to officers totaling at least \$2,185.97 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 44 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct

disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 44 file an amended LM report for 2011 to correct the deficient items, but Local 44 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

##### Safeguarding Union Receipts

Local 44 has a process of securing undeposited receipts in a locked file cabinet, located in the union's office, the union designated to keep its receipts in until deposited. However, it was found during the audit that cash is not always secured immediately after being received with all undeposited receipts in the file cabinet.

The purpose of implementing a procedure for handling receipts is to prevent or at least inhibit, the misuse or embezzlement of the union's funds. By not following the receipt handling procedure the risk of the local's receipts being misused, lost or stolen is increased. To ensure the union's receipts are being safeguarded as much as possible Local 44's receipt handling procedures should always be followed.

The union indicated that it would take steps to ensure its receipts are properly safeguarded as much as possible until deposited.

I want to extend my personal appreciation to Laborers Local 44 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: Mr. Charles Oberkfell, President  
Mr. Albert Woolen, Financial Secretary