

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 7, 2009

Mr. Robert Drobish, Secretary-Treasurer
Laborers
Local 594
223 Route 18 South
East Brunswick, NJ 08816

Re: Case Number: [REDACTED]

Dear Mr. Drobish:

This office has recently completed an audit of Laborers Local 594 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, Business Manager John Adams and Accountant Patrick Trombetta on March 31, 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.

Reporting Violations

The CAP 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 594 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. LM-2 Schedule 11 (All Officers and Disbursements to Officers)

Local 594 failed to include some reimbursements to officers in Schedule 11 (All Officers and Disbursements to Officers). In the audit period, total direct and indirect disbursements to officers were at least \$5,600. Some disbursements to the following officers: Current Secretary-Treasurer Robert Drobish (\$1600), President Anthony Gianfrancesco (\$2900) Business Manager John Adams

(\$1,100) were not reflected in Schedule 11. Such payments appear to have been erroneously reported in Schedules 15 through 19.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

2. Automobile Expenses

Local 594 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) all disbursements for the operation and maintenance of union automobiles assigned to former Secretary-Treasurer Joseph Frigiola, Current Secretary-Treasurer Robert Drobish, President Anthony Gianfrancesco and Business Manager John Adams.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

3. Total Receipts (Form LM-2 Item 49)

Local 594 inaccurately reported the total amount of receipts in Form LM-2 during the audit period ending June 30, 2007. The organization's LM-2 report, Item 49 Total Receipts reflected \$338,901. However, the audit disclosed that total receipts were at least \$342,918.

4. Total Disbursements (Form LM-2 Item 68)

Local 594 inaccurately reported the total amount of disbursements in Form LM-2 during the audit period June 30, 2007. The organization's LM-2 report,

Item 68 Total Disbursements reflected \$370,027. However, the audit disclosed that the organization's total disbursements were approximately \$373,754.

Therefore, the union must amend its LM-2 report to accurately reflect total receipts and disbursements in fiscal year ending June 30, 2007.

5. Cash Reconciliation

It appears that the cash figures reported in Item 22 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. The audit for fiscal year ending June 30, 2007 disclosed that in Form LM-2, Statement A-Assets and Liabilities, Item 22A Cash was at least \$430,354 and Item 22B Cash was at least \$399,521. Additionally, the audit figure for Item 22 A Cash reflects a mutual fund credit balance of \$7,608 as of July 1, 2006. The union inadvertently excluded this amount in Form LM-2, Item 22A for fiscal year ending June 30, 2007.

Therefore, the union must amend its LM-2 report for fiscal year ending June 30, 2007 accurately reflect the Start and End of Reporting Period amounts in Item 22A and Item 22 B, respectively. Additionally, the union will be required to amend Forms LM-2 for fiscal years ending June 30, 2006 to correctly report the amount in Item 22 B Cash End of Reporting Period and June 30, 2008 to correctly report the amount in Item 22 A Cash Start of Reporting Period.

Local 594 must file an amended Form LM-2 for fiscal year ending June 30, 2007, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of the filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than April 30, 2009. As of this date, the amended Form LM-2 has not been received by OLMS. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Laborers Local 594 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.

Mr. Robert Drobish
April 7, 2009
Page 5 of 5

Sincerely,



Investigator

cc: Anthony Gianfrancesco, President