



December 14, 2010

Mr. Larry Gray, Business Manager
Laborers, Rocky Mountain States District Council
875 Elati Street
Denver, CO 80204

Case Number: [REDACTED]
LM Number: 543627

Dear Mr. Gray:

This office has recently completed an audit of Laborers, LIUNA Rocky Mountain States District Council 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 December 3, 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 the District Council's 2009 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

The former business manager received reimbursement for the business use of his personal vehicle. He did not retain adequate documentation to support payments to him totaling at least \$20,000 from 2006 through 2009. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

2. Disposition of Property

The District Council did not maintain an inventory of outdated property it gave away to a former officer. 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 of union items it gives away.

3. Failure to Maintain Receipts Records

The District Council did not maintain records of all certificates of deposit (CD) accounts. For example, the union purchased two CD's in 2007 and redeemed them in 2008. Although funds from the redeemed CD's were deposited to other union accounts, the statements for CD accounts were missing from union records. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that the Rocky Mountain States District Council 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 the Rocky Mountain States District Council for the fiscal year ended December 31, 2009, was deficient in that assets and liability figures were not carried forward from the previous year (Form LM-2) report ending December 31, 2008 to the (Form LM-3) report for fiscal year ending December 31, 2009.

The District Council must file an amended Form LM-3 for the fiscal year ended December 31, 2009, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than

December 28, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Laborers, LIUNA Rocky Mountain States District Council 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. James Hansen, President