



September 16, 2005

Mr. Mark Jones, Secretary-Treasurer  
Laborers Local 718  
PO Box 132  
DeSoto, Missouri 63020

Dear Mr. Jones:

This office has recently completed an audit of Laborers Local 718 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 Tinnia Moore on August 30, 2005, 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.

The CAP disclosed that Local 718 filed a deficient LM-2 report for fiscal year ended December 31, 2004, in violation of Section 201(b) of the LMRDA. The following deficiencies were noted:

1. Disbursements were improperly reported in Schedule 15 as "Miscellaneous." Disbursements reported in Schedule 15 may be classified by general groupings or bookkeeping categories if the descriptions are sufficient to identify their purpose. As discussed in the LM instructions, disbursements may not be identified as "Miscellaneous" in Schedule 15 because that classification is not sufficiently descriptive.
2. Work permit fees received during the fiscal year were not properly reported in Statement B, Item 44.
3. Local 718 failed to include some reimbursements to officers in the amounts reported in Schedule 9 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Schedule 13 (Office and Administrative Expense).

As specifically discussed during the exit interview, the weekly auto allowances being paid to you and Ms. Moore are reportable in Schedule 9, Column E. In addition, disbursements being made by the local related to use of your personal vehicle for union business are also reportable in Schedule 9, Column F. These expenses would include disbursements for gasoline credit card charges, oil changes, repairs, and vehicle insurance.

In summary, direct disbursements to officers for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedule 9

(Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union officers must also be reported in Column F of Schedule 9. However, indirect disbursements for business expenses incurred for transportation by a public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses).

4. As the financial activity for the local's PAC fund checking account is included on the LM-2, transfers being made from the local's general checking account to the PAC fund checking account were improperly reflected as both a receipt and disbursement on the report. Please refer to the introductory paragraph regarding Statement B on page 16 of the LM-2 instructions for further clarification regarding the proper handling of transfers.

It will be necessary for Local 718 to file an amended LM-2 report for fiscal year ended December 31, 2004, to correct the deficient items discussed above. The necessary reporting forms and instructions were earlier provided for your use. You may also use the new electronic forms software available from OLMS to complete the amended report. A copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than October 17, 2005. Before mailing, review the report thoroughly to be sure that it is complete, accurate, and signed properly with original signatures.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Ms. Moore's successors at whatever time you may leave office.

I want to extend my personal appreciation for the cooperation and courtesy extended by you and Ms. Moore during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

Dennis L. Eckert  
District Director

By:   
Investigator

cc: Ms. Melisa Kitchell  
Wilburn S. Hinch, Inc.

  
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