

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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November 2, 2009

Mr. Gary Elliott, Business Manager
Laborers
Eastern Missouri District Council
3450 Hollenberg Drive
Bridgeton, MO 63044

LM File Number 008-146
Case Number: [REDACTED]

Dear Mr. Elliott:

This office has recently completed an audit of Eastern Missouri Laborers 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, Perri Pryor, Delores Cash, and Mark Hollman on October 28, 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 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-2 filed by the Eastern Missouri Laborers District Council for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

The Eastern Missouri Laborers District Council did not properly report a retirement gift of \$16,500 paid during the fiscal year to former officer [REDACTED] in Schedule 11,

Column G on the LM-2. This transaction was improperly reported in Schedule 17 (Contributions, Gifts, and Grants).

The Eastern Missouri Laborers District Council also failed to report monthly allowances paid to Brown for being a member of the Supplemental Dues Subcommittee. These payments should also be reported next to his name on Schedule 11.

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

2. Fund Transfers

Payments from the supplemental dues account made to the Eastern Missouri Laborers District Council's holding account were improperly reported as both a receipt and disbursement on the LM-2 report. The supplemental dues account is under the control of the Eastern Missouri Laborers District Council, therefore these transactions are considered fund transfers and not a receipt and disbursement.

The LM instructions point out the purpose of Statement B is to report the flow of cash in and out of the labor organization during the reporting period. Transfers between separate bank accounts or between special funds do not represent the flow of cash in and out of the labor organizations. Therefore, these transfers should not be reported as receipts and disbursements.

I am not requiring that the Eastern Missouri Laborers District Council file an amended LM report for 2008 to correct the deficient items, but the Eastern Missouri Laborers

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District Council has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Eastern Missouri Laborers 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: Mark Hollman, Accountant