

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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February 11, 2005

Mr. Norman Crocker
Secretary-Treasurer/Business Manager
Laborers Local 916
430 N. Washington
Farmington, Missouri 63640

Dear Mr. Crocker:

This office has recently completed an audit of Laborers Local 916 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 Karen Crocker on February 7, 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 a violation of LMRDA Section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 916 for fiscal year ending December 31, 2003 was deficient in the following areas:

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. In the case of your local, this includes all payments made to officers for travel expenses and reimbursements. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

Item 46, Cash Disbursements to Employees, should include the total of all salaries, allowances, travel advances, and other direct and indirect disbursements to employees of your organization during the reporting period. This includes travel advances and reimbursements made to the office secretary and fees paid to part-time employees of the union.

In addition, the total of all disbursements for contributions, gifts, and grants made by your organization must be reported in item 51 of the LM-3 report. This includes non-cash gifts given to officers for holidays or other special events.

I am not requiring that Local 916 file an amended LM-3 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

During the audit, you advised that it is Local 916's policy for all checks to be signed by the president and secretary-treasurer. You also indicated that signature stamps are occasionally used when one of the officers is not present to sign a check. The second signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signature does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. You may want to revise this aspect of your check disbursement procedures.

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

I want to extend my personal appreciation to you and Karen Crocker for your cooperation and courtesy during this compliance audit. If you have any further inquiries or would like to discuss any matters occurring in your jurisdiction, please do not hesitate to call.

Sincerely,

Dennis L. Eckert
District Director

By: FCC
Investigator

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