

U.S. Department of Labor

Office of Labor-Management Standards
230 S Dearborn Street, Rm 774
Chicago, Illinois 60604
Tel: 312-596-7160
Fax: 312-596-7174



July 7, 2005

Mr. Glenn Williams
Business Agent/Financial-Secretary/Treasurer
Laborers, AFL-CIO, Local 645
2015 W. Western Avenue, Suite 140
South Bend, Indiana 46629-1000

Re: 2

Dear Mr. Williams:

This office has recently completed an audit of Laborers, AFL-CIO, Local 645 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, as Amended (LMRDA). As discussed during the exit interview with you and Ms. Fristoe on June 20, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 645's 2004 records:

Local 645 failed to retain an inventory of hats, jackets, and other property which was purchased and sold or given away. Records must be retained which account for all union property. In the case of union hats, jackets and other items sold to members, the date and amount received from every sale must be recorded in at least one record. You advised that the union will maintain an inventory list of its property.

Local 645 failed to record in its records some interest earned on certificates of deposit, on bank accounts, and on dividends. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.

The union failed to record bank fees in its records. Union disbursement records must include an adequate identification of each disbursement of money. The records should show the exact date that the money was disbursed, the identity of the recipient of the money, and the individual amount disbursed to each source.

As agreed, provided that Local 645 maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report Form LM-2 filed by Local 645 for fiscal year ending December 31, 2004 was deficient in several areas. Please see the attached Error Summary.

It will be necessary for Local 645 to file an amended LM-2 report for 2004 to correct the deficient items discussed in the attached Error Summary. The necessary reporting forms and instructions are enclosed for your use. You may also use the new electronic forms software available from OLMS to complete the amended reports. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than 08/08/05. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 645's bylaws were amended in 2001, but a copy of the bylaws was not filed with Local 645's LM-2 report for that year. Two copies of Local 645's constitution and bylaws have now been filed.

Membership authorization of disbursements must be knowledgeable. The membership must be made aware of the circumstances surrounding a disbursement, including but not limited to, the amount, the date of disbursement, and the purpose. This should be recorded in detail in the membership meeting minutes. The audit revealed that written authorization for expenses relating to union vehicles in the Special Executive Board meeting on April 7, 2003, appears to be limited to those expenses while the union officers are on union business. You advised that the intent of the language is to authorize the officers' use of union vehicles 24 hours a day, 7 days a week for union and personal business. You explained that this is so because union officers with vehicles may get called to a job site at various hours of the day. You advised that this will be clarified at future executive and membership meetings. Please forward the meeting minutes reflecting the authorization of use union vehicles by union officers for personal and union business to my office by August 8, 2005.

Also, the audit did not reveal membership authorization for the purchase of union jackets for \$2,382.88 on December 6, 2004 from PM Buttons Inc. You advised that the executive board has blanket authorization from the membership to disburse union funds under a certain dollar amount without obtaining specific authorization. Please forward a copy of such authorization to my office by August 8, 2005.

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During the audit, you advised that it is Local 645's practice to stamp the signature of Business Agent/Financial Secretary-Treasurer Glenn Williams on letters. You may consider restricting the use of the signature stamp and placing it in a secure location.

The review of the union's records revealed that an international auditor recommended in March 2004 that the union segregate funds for employees' severance payments. You advised that the union will segregate funds for this purpose from the general funds this summer.

The audit revealed that the union maintains a computerized and a handwritten journal for receipts, disbursements and payroll. The computerized records did not always correspond with the handwritten journals. For example, the computerized reports did not reflect itemized deposits and bounced check fees, whereas the handwritten journals did so. Also, the handwritten journals did not reflect electronic transfers of funds, whereas the computerized records did. You were advised that records maintained for the same purposes should be consistent.

Reimbursement payments to each officer and employee should be recorded on an individual basis for the fiscal year, along with gross and net amounts, method of payment and purpose. You advised that you would keep a journal for reimbursements to officers and employees.

Please forward a copy of the meeting minutes in which it is reflected that the membership was advised of the findings of this audit by August 8, 2005.

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 Mr. Barrier's successors at whatever time you may leave office.

I want to thank you, Mr. Barrier and Ms. Fristoe for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

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