

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 20, 2006

Mr. David Letinich, Secretary-Treasurer
Laborers District Council
805- 164th Street SW, Suite 101
Mill Creek, Washington 98012

Re: Case Number: _____

Dear Mr. Letinich:

This office has recently completed an audit of 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 Former Secretary-Treasurer Larry Binder, Assistant Business Manager David Letinich, Office Manager Bonnie Bautz, and Attorneys Noel McMurtray and Daniel Hutzenbiler on April 27, 2006, 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 Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

Distribution of Property


Laborers District Council failed to maintain an inventory of the master agreement books that were sold or given away. Records must be maintained that account for all union property. In the case of the master agreement books sold to members, the date and amount received from every sale must be recorded in at least one record.

Use of Signature Stamp

During the audit, you advised that it is Laborers District Council's practice for you to sign all union checks and to stamp the signature of former President Tom Reynolds on union checks. You indicated that no one but you reviews the checks before they are issued. 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 by the primary signer 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. I recommend that Laborers District Council review this procedures to improve internal control of union funds.

I want to extend my personal appreciation to 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: President Tom Freudenstein