

**U.S. Department of Labor**

Office of Labor-Management Standards  
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March 17, 2011

Mr. John Darling, President  
Laborers Local 1285  
35 Donegal Road  
Peabody, MA 01960

Case Number: [REDACTED]  
LM Number: 035035

Dear Mr. Darling:

This office has recently completed an audit of Laborers Local 1285 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 Secretary-Treasurer Saul Ulloa on February 1, 2011, 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.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records 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, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation 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 union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 1285's 2009 records revealed the following recordkeeping violations:

1. General and Reimbursed Expenses

Local 1285 did not retain adequate documentation for general disbursements totaling \$5,776. The local also did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$520. For example, there were no receipts or bills provided for monthly phone reimbursements, purchases of office supplies, and

payments made to various charities. Additionally, while a credit card statement was provided for the purchase of airfare, there was no other documentation such as boarding passes or tickets. A credit card statement alone is not adequate documentation for an expense.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Meal Expenses

Local 1285 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$134. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Additionally, Local 1285 has an oral policy of not reimbursing officers for the purchase of alcohol while traveling or dining out on union business. However, former Secretary-Treasurer Barrows was reimbursed for alcohol expenses.

Based on your assurance that Local 1285 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### 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-3) filed by Local 1285 for the fiscal year ended December 31, 2009, was deficient in the following area:

#### 1. Disbursements to Officers

Local 1285 did not include some reimbursements to officers totaling at least \$2,116.99 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expenses). The local also did not report the names of the three executive board members in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 1285 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 Expense).

I am not requiring that Local 1285 file an amended LM report for 2009 to correct the deficient items, but Local 1285 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

##### 1. Expense Policy

As I discussed during the exit interview with you, Secretary-Treasurer Ulloa, and Records Secretary Tony Resca, the audit revealed that Local 1285 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement, such as alcohol and cell phones. OLMS recommends that unions adopt written guidelines concerning expenses and officer stipends.

I want to extend my personal appreciation to Laborers Local 1285 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: Saul Ulloa, Secretary-Treasurer  
Tony Resca, Recording Secretary  
George McGovern, Accountant