



December 15, 2010

Mr. Melvin Starr, Secretary-Treasurer
Laborers Local 581
PO Box 380
25840 W. 10th Street Road
Centralia, IL 62801

Case Number: [REDACTED]
LM Number: 008158

Dear Mr. Starr:

This office has recently completed an audit of Laborers Local 581 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 on November 23, 2010, 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 LM-3 filed by Local 581 for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers

Local 581 did not include some reimbursements to Business Agent Ronald Berry totaling at least \$6256.73 in the amounts reported in Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 581 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).

2. Failure to Report Other Receipts

Local 581 did not properly report in Statement B a refund check for \$5827.59 from the Laborers International Union of North America's (LIUNA) Welfare and Pension Fund, which the local contributed to on behalf of Business Agent Ronald Berry. The LM-3 instructions for Statement B state that the labor organization must report all monies received within the fiscal year. Funds collected for transmittal to third parties should be reported in Item 44 (Other Receipts).


3. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

During the audit, Local 581 provided an amended Form LM-3 for the fiscal year ended December 31, 2009, correcting the deficient items discussed above. Local 581 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Laborers Local 581 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: Mr. Darin Barnes, Business Manager