



August 19, 2010

Mr. Larry Bloomer, Business Manager/Secretary-Treasurer
Laborers Local 662
209 Flora
Jefferson City, MO 65101

Case Number: [REDACTED]
LM Number: 014740

Dear Mr. Bloomer:

This office has recently completed an audit of Laborers Local 662 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 Office Secretary Carol Griffith on August 6, 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.

Recordkeeping Violation

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 662's 2009 records revealed the following recordkeeping violation:

Failure to Keep Bank Records for Certificates of Deposit

The union did not maintain records necessary to verify the accuracy of the information reported in Statement A (Assets and Liabilities), Item 22 of the LM-2. Adequate bank records were not maintained for three of the ten certificates of deposit held in the local's name during 2009.

Based on your assurance that Local 662 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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-2 filed by Local 662 for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. PAC Funds

Local 662 had its own PAC fund during 2009. As stated in the LM-2 report instructions, PAC funds kept separate from your union's treasury need not be included in your union's LM report if publicly available reports on the PAC funds are filed with a federal or state agency. However, the audit revealed that Local 662's PAC funds were deposited to its general treasury and kept on deposit for several weeks before being transferred to the PAC account. Therefore, the financial activities of the PAC fund must be included in Local 662's LM report.

2. Automobile Expenses

Local 662 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of union automobiles totaling at least \$1,000.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column

G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

I am not requiring that Local 662 file an amended LM report for 2009 to correct the deficient items, but Local 662 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 662 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. Timothy Thurman, President