

U.S. Department of Labor

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September 5, 2006

Mr. Dan Brejc, Secretary-Treasurer
Laborers
Local #149
2418 W. Indian Trail, Unit C
Aurora, IL 60506

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Brejc:

This office has recently completed an audit of Laborers Local #149 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 Dan Brejc, Joe Mann, and Danette LaCour on August 24, 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 the following violations:

Recordkeeping Violations

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.

The audit of Local #149's 2005 records revealed the following recordkeeping violations:

Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

Local #149 failed to keep receipts for some reimbursed expenses, both those reimbursed directly and those charged to the union's credit card.

Disposition of Property

Local #149 failed to maintain an inventory of hats, jackets, and other property which were purchased and sold or given away. Records must be maintained that 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.

Other

Local #149 is missing numerous months of credit card statements. The union must maintain all credit card statements and all accompanying receipts for disbursements, with adequate documentation accompanying expenses.

Adequate documentation was not maintained for internet packages purchased for the Local #149 office, OnStar subscriptions for the Local #149 cars, and various computer software.

Local #149 failed to maintain records of those members and officers who were selected to attend various charity events paid for by Local #149. Local #149 needs to maintain records of those who attend such events.

Conclusion/Recordkeeping Violation(s)

As agreed, provided that Local #149 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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 #149 for fiscal year ending December 31, 2005, was deficient in the following areas:

Acquire/Dispose of Property

Item 13 (Acquire or dispose of any assets in any manner other than by purchase or sale) should have been answered, "Yes," because the union gave away jackets, hats, and gift cards/gift certificates during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. In addition, the union must retain records that adequately account for all property purchased, sold, and given away.

LM-2 Schedules 11 and 12 (All Officers and Disbursements to Officers/Disbursements to Employees)

Local #149 failed to include some reimbursements to officers in Schedule 11 (All Officers and Disbursements to Officers). Such payments appear to have not been reported in the LM report.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

Conclusion/Resolution of Reporting Problems

I am not requiring that Local #149 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local #149 will properly report the deficient items on all future reports filed with this agency.

Other Issues

The audit disclosed the following other issues:

Failure to Read Financial Reports at Local #149 Membership Meetings


Local #149 cancelled membership meetings during the audit year if there were not enough members in attendance. Local #149 reads the union financial reports to the membership at each meeting, but if there is no meeting held the report does not get read. If the membership meeting is cancelled, Local #149 needs to read the financial report for that month at the following membership meeting. It should be reflected in that month's minutes that two months financial reports have been read.

Failure to Issue Receipts upon Receipt of Funds

The audit revealed that Local #149 did not issue receipts upon receipt of various forms of money. Although Local #149 issues receipts to all dues paying members, it did not issue receipts to officers who returned remaining per diem money to the local and companies who may have issued a refund to the local. It is recommended that Local #149 issue receipts after receiving any type of funds.

I want to extend my personal appreciation to Laborers Local #149 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