



March 15, 2024

Mr. Robert Richardson, Jr., Deputy Trustee
Laborers Local 1410
100 Industrial Court
New Lebanon, OH 45345

Case Number: 350-6025399()
LM Number: 030-567

Dear Mr. Richardson, Jr.:

This office has recently completed an audit of Laborers Local 1410 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 March 13, 2024, 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 1410's 2023 records revealed the following recordkeeping violations:

1. General Expenses

Local 1410 did not retain adequate documentation for all expenses. For example, on February 24, 2023, the union made a disbursement by check to Stars and Stripes Silk Screenings, totaling \$2,013.87, and there was no corresponding documentation.

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. Credit Card Expenses

Local 1410 did not retain adequate documentation for all credit card expenses. For example, for the period of January 1, 2023 to December 31, 2023, Local 1410 made 120 disbursements by credit card where there was no supporting documentation. For example, on June 19, 2023, you made a payment to the SLS Hotel South Beach in Miami, Florida totaling \$1,843.38, but the invoice was not maintained. Further, review of your meal and travel expenses revealed 41 transactions totaling \$3,290.42 lacking invoices.

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. As the deputy trustee, this is your responsibility.

3. Meal Expenses

Local 1410 did not require you to submit itemized receipts for meal expenses totaling at least \$365.88. For example, you did not maintain itemized receipts for a \$186.42 meal expense at Blue Ribbon Sushi in New York, New York on August 15, 2023; a \$134.40 meal expense at Major Food Group in Miami, Florida on November 6, 2023; and a \$45.06 meal expense at Puerto Sagua in Miami, Florida on November 6, 2023. The union must maintain itemized receipts provided by restaurants. 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.

Moreover, Local 1410 records of meal expenses did not always include a written explanation of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, for the period of March 8, 2023 to December 31, 2023 there were a total of 126 meal transactions made by you, Local 1410 employees, and the spouses of employees. There were 20 transactions that did not have corresponding documentation, totaling \$589.15; 48 meal transactions that did not list the attendees, totaling \$2,422.82; and 37 meal transactions that did not provide the union business conducted, totaling \$2,406.81. 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.

4. Disposition of Property

Local 1410 did not maintain an inventory of hats, t-shirts, sweatshirts, stickers, safety-vests, bibles, and gift cards purchased, sold, or given away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. Local 1410 must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, shirts, and other times. In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

5. Receipt & Disbursement Dates not Recorded

Local 1410 did not always maintain disbursement records reflecting the date that money was paid out. For example, Local 1410 made disbursements by check and did not record the disbursements until the date that the checks cleared the bank. Failure to record the date money was paid out could result in the union reporting some disbursements for a different year than when it actually paid out money. Similarly, union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money.

6. Lack of Vehicle Authorization

Local 1410 did not maintain records to verify that vehicles gifted to former Local 1410 Business Manager Teddy Baker and former Financial Secretary Joseph Barnes, with a total estimated fair market value of \$135,688.00, were authorized by Local 1410. During the audit you told me that Local 1410 Trustee Robert Richardson, Sr. authorized all disbursements over \$10,000.00. However, no record could be found that Trustee Richardson, Sr. authorized the gifts. The union must keep a record, such as meeting minutes, to verify authorization.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1410's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

This office is available for any compliance assistance guidance you may need in addition to that which you may receive from staff counsel, outside legal counsel, and outside professional accounting services.

Based on your assurance that Local 1410 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-2) filed by Local 1410 for the fiscal year ended December 31, 2022, was deficient in the following areas:

Disposition of Property

Item 15, (During the reporting period did your organization 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 hats, t-shirts, sweatshirts, stickers, safety-vests, bibles, and gift cards during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 1410 file an amended LM report for 2022 to correct the deficient items, but Local 1410 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Credit Card Expense Policy

The audit revealed Local 1410 does not have a credit card policy regarding the types of expenses that may be charged to the union credit card. For example, you told me that personal charges cannot be made on the credit card, but this policy is not in writing. It is recommended that unions adopt written guidelines concerning such matters.

2. Meal Expense Policy/Failure to Adhere to Alcohol Policy

The audit revealed that Local 1410 does not have a clear policy regarding the types of expenses personnel may claim for meal and drink reimbursements. For example, there were at least four instances, totaling \$357.37, where you purchased multiple alcoholic beverages, sometimes without any food. Local 1410's policy states, "if alcohol is

consumed during a business meal, it is limited to one drink per person.” It is recommended that unions adopt written guidelines concerning meals and other expenses to help ensure effective internal controls and safeguard union assets.

3. Travel Reimbursement Policy

The audit revealed that Local 1410 does not have a clear policy regarding officer/employee travel. For example, Local 1410 paid the travel expenses for the spouse of Office Manager Hope Lautensleger to travel to Miami, Florida where the union held a staff meeting, but the policy is not clear on which employees, and their spouses, are covered under the current policy. It is recommended that the union update the written travel reimbursement policy to clarify if it applies to all officers and employees.


4. Automobile Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 1410 does not have a clear policy regarding the use of union automobiles. You told OLMS the union automobiles can be used for personal business, but this policy is not in writing. It is recommended that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Laborers Local 1410 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,


Senior Investigator

cc: Mr. Robert Richardson, Sr., Trustee
Mr. Bruce Lerner, LIUNA General Counsel
 Certified Public Accountant