



September 10, 2024

Peter Bardeson, Business Manager and Secretary-Treasurer  
Laborers Local 620  
606 N Kiwanis Ave  
Sioux Falls, SD 57104

Case Number: 320-6028192  
LM Number: 543905

Dear Peter Bardeson:

This office has recently completed an audit of Laborers Local 620 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 Business Agent and President Zane Bruns and Office Manager Dani Stebbins on August 19, 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 620's 2023 records revealed the following recordkeeping violations:

#### 1. Union Owned Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3. Local 620 incurred expenses totaling at least \$8,019 for automobiles during 2023. However, Local

620 did not maintain adequate records documenting business versus personal use of the union vehicles.

The LM-3 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Item 24 of the LM-3, allocated to the officer or employee to whom each vehicle is assigned. For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip. During the exit interview, you advised that the 2023 mileage logs may have been destroyed, but Local 620 currently maintains mileage logs.

2. Lack of Salary Authorization

Local 620 did not maintain records to verify that the salary paid to former Office Manager Michelle Bardeson reported in Item 46 (To Employees) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. During the exit interview, you advised that current Office Manager Dani Stebbins' salary authorization is recorded in union meeting minutes.

3. Meal Expenses

Local 620 did not require officers and employees to submit itemized receipts for meal expenses. In support of a \$34.38 meal at Puerto Vallarta Mexican Restaurant and Tequila Bar in Rapid City, SD, Local 620 only retained a non-itemized receipt, which is not sufficient. 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.

Local 620 records of meal expenses did not always include the full names and titles of all persons who incurred the restaurant charges. For example, no names were recorded on receipts retained in support of a \$21.98 meal incurred on August 7, 2022 at Sweet Things Frozen Yogurt in San Diego and four meals incurred between August 8 and 11, 2022 at the Hilton San Diego Bayfront Hotel in San Diego, which is not sufficient. Union records of meal expenses must include 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 and written explanations of the union business conducted.

Based on your assurance that Local 620 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 620 for the fiscal year ended May 31, 2023, was deficient in the following areas:

1. Disbursements to Employees

Local 620 did not include some reimbursements to employees totaling at least \$955 in the amounts reported Item 46. The audit revealed that Local 620 did not include an \$891 reimbursement to former Bookkeeper Jessica Zuber and a \$64 reimbursement to former Office Manager Bardeson in Item 46. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 620 employees and some indirect disbursements made on behalf of its employees in Item 46. A "direct disbursement" to an employee is a payment made to an employee in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 and 46 for a discussion of certain direct disbursements to officers and employees that do not have to be reported in Items 24 and 46. An "indirect disbursement" to an officer or employee 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 or employee. 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 or employee traveling on union business should be reported in Item 48.

2. Withholding Taxes and Other Payroll Deductions

Local 620 failed to report withheld taxes and other deductions from payments to officers in Line 10 (Less Deductions) of Item 24. Local 620 also failed to subtract the total withheld taxes and other deductions from the amount reported in Item 46. Further, Local 620 failed to report the disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions in Item 54 (Other Disbursements).

The LM-3 instructions require that unions must enter the total amount of officers' withheld taxes, payroll deductions, and other deductions in Line 10 of Item 24. The union must also subtract the total amount of employees' withheld taxes, payroll deductions, and other deductions from the amount reported in Item 46. The LM-3 instructions also require that unions must report disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions in Item 54. Further, any portion of withheld taxes or any payroll or other deductions which have not been transmitted by the end of the reporting period are liabilities of your organization and must be reported in Item 35 (Other Liabilities).

3. Statement A (Cash Balances) and Statement B (Total Receipts, and Total Disbursements)

The cash figure reported in Item 25 (B) (Cash, End of the Reporting Period) of Statement A is not the figure according to Local 620's books and bank statements. The cash balances as of May 31, 2023, as reported in the general ledger, was \$331,815; however, the union reported cash balances of \$336,876. 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.

The audit revealed that Local 620 recorded total receipts of \$159,683 in its general ledger during the audit year. However, Local 620 reported total receipts of \$146,699 in Item 44 (Total Receipts) of Statement B. The union must report the total amount of all receipts it received during the reporting period in Item 44. The amount in Item 44 is calculated by adding Items 38 through 43 and should include all dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, loans and loan repayments received by the union, and all other receipts received by the union. This discrepancy was a result of the union underreporting dues in Item 35 (Dues) and initiation fees in Item 40 (Fees, Fines, Assessments, Work Permits).

Lastly, Local 620 recorded total disbursements of \$313,421 in disbursement records during the audit year. However, Local 620 reported total disbursements of \$305,754 in Item 55 (Total Disbursements). The union must report the total amount of disbursements it made during the reporting period in Item 55. The amount in Item 55 is calculated by adding Items 45 (Disbursements to Officers) through 54 and should include, for example, net payments to officers and employees; per capita tax; payments for office administrative expenses; taxes paid by the union; contributions, gifts and grants made by the union; and purchases of investments and fixed assets.

I am not requiring that Local 620 file an amended LM report for 2023 to correct the deficient items, but Local 620 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 620 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: Dani Stebbins, Office Manager  
Zane Bruns, Business Agent and President