

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 19, 2007

Mr. Carmen Serrett Sr., Business Manager
Laborers
Local Union #103
1126 Waterloo Geneva Rd.
Waterloo, NY 13165

LM File Number 026-319

Case Number [REDACTED]

Dear Mr. Serrett Sr.:

This office has recently completed an audit of Laborers, Local Union #103 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 Bookkeeper Terry Clarke on June 15, 2007, 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

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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 Union #103's 2006 records revealed the following recordkeeping violation:

Union Owned Vehicle

The union did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) of the LM-2.

You incurred auto expenses totaling at least \$2,443.04 for union automobile use during 2006. However, Local Union #103 did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 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 Schedules 11 of the LM-2, allocated to the officer for whom each vehicle is assigned.

For each trip that you took using a union owned vehicle, you were required to maintain a mileage log that showed the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

A good example to follow is the auto expense records maintained by your son, Carmen Serrett Jr., as Local Union #103 Organizer. He maintained a calendar listing the date, contractor visited, location, business purpose and total mileage involved for each trip taken.

Based on your assurance that you 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 Union #103 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local Union #103 reported Carmen Serrett Jr. as Secretary Treasurer in Schedule 11, (All Officers and Disbursements to Officers) but did not report any payments to him in that schedule. Local Union #103 erroneously reported payments to him in Schedule 12 (Disbursements to Employees), as he was also an organizer for Local Union #103.

2. Cash Receipts

Local Union #103 reported interest receipts as \$15,239 in item 40. The audit revealed a total of \$21,323 in total interest receipts. Subsequently, total receipts were underreported as well.

I am not requiring that Local Union #103 file an amended LM-2 report for 2006 to correct the deficient items, as effective April 25, 2007, Local Union #103 terminated operation and merged with Laborers, Local Union #435, Rochester, NY.

I want to extend my personal appreciation to Laborers, Local Union #103 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials


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provided to you are passed on to LU #435 officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: John Russo, President, LU #103
Raymond C Kuntz Jr., Treasurer, LU #435