

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Chicago District Office
230 South Dearborn Street, Suite 774
Chicago, IL 60604
(312) 596-7160 / FAX: (312) 596-7174



August 31, 2005

Mr. Chris Butler
Secretary-Treasurer/Business Manager
Plasterers & Cement Masons Local 143
2901 Research Road
Champaign, IL 61826

Re: 2

Dear Mr. Butler:

This office has recently completed an audit of Plasterers & Cement Masons Local 143 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, as Amended (LMRDA). As discussed during the exit interview with you, President Tom Shubert, and Vice-President/Business Agent Jeff Mazingo on August 18, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, 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 recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Local 143's 2004 records:

1. Local 143 Business Agents did not properly record the business purpose on mileage logs of personal vehicles used during the course of union business. In the case of reimbursed mileage expenses for personal vehicles used for business travel, records must be maintained which identify the date of travel, locations traveled to and from, number or miles driven, and the business purpose of each use.
2. Local 143 failed to retain an inventory of hats, jackets, and other property which was purchased and sold or given away. Records must be retained which account for all union property. The date and amount received from every sale must be recorded.

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The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 143's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

As agreed, provided that Local 143 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Local 143 for fiscal year ending December 31, 2004 failed to meet the standards of acceptability.

The following deficient items were identified:

1. Item 13 (Acquire any goods or property in any manner other than by purchase or dispose of any goods or property in any manner other than by sale) should have been answered "Yes" instead of "No," because the union gave away pocket calendars to members 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 with the identity of the recipient(s) or donor of such property. In addition, the union must retain records which adequately account for all property that is purchased, sold, or given away.
2. Local 143 failed to include some reimbursements to officers and employees in the amounts reported in Schedule 9 (All Officers and Disbursements to Officers) and Schedule 10 (Disbursements to Employees). Such payments appear to have been erroneously reported in Schedules 13 (Office and Administrative Expenses) and Schedule 15 (Other Expenses).

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Disbursements for Official Business). A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. In addition, indirect disbursements made to another party for business expenses incurred by union personnel must also be reported in Column F of Schedules 9 and 10. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for business expenses incurred for transportation by a public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses). Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements).

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3. Receipts of \$20,732 were improperly reported in Schedule 14 as "Miscellaneous." The LM-2 instructions for Schedule 14 stated that receipts reported in Schedule 14 "must be described in Column (A) and may be classified by general groupings or bookkeeping categories if the descriptions are sufficient to identify their source. Do not describe any of these receipts as "Miscellaneous" since that classification is not sufficiently descriptive."

I am not requiring that Local 143 file an amended LM-2 report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 143's officers and employees are currently bonded for \$100,000, but they must be bonded for at least \$117,000. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to all principal Executive Board successors at whatever time you may leave office.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC

cc: Tom Shubert, President
Jeff Mazingo, Vice-President/Business Agent