



February 14, 2011

Mr. Art Sturms, Business Manager/Financial Secretary  
Plasterers and Cement Masons Local 11  
28874 Rand Road, Unit B  
Lakemoor, IL 60051

Case Number: [REDACTED]  
LM Number: 540813

Dear Mr. Sturms:

This office has recently completed an audit of Plasterers and Cement Masons Local 11 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 February 1, 2011, 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.

#### Reporting 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 11's 2010 records revealed the following recordkeeping violations:

#### General Credit Card Expenses

Local 11 did not retain adequate documentation for credit card expenses incurred by union officers totaling at least \$1380.00. For example, a \$1212.45 charge on the union's credit card for a hotel stay on 3/13/09 by a union officer at the Hilton Inn in Ft. Lauderdale, FL did not have any supporting receipts. Additionally, a \$110.25 charge on the union's credit card at Belmontes Florist on 5/27/09 for \$110.25 did not have any supporting 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.

Based on your assurance that Local 11 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 11 for the fiscal year ended March 31, 2010, was deficient in the following areas:

1. Dues Receipts and Per Capita Tax

Local 11 did not report in Item 36 (Dues and Agency Fees) at least \$448,175 of dues that the union received from employers through a checkoff arrangement and did not report in Item 56 (Per Capita Tax) at least \$448,175 of per capita tax that it paid to the parent national union. The LM-2 instructions require that labor organizations report the full dues received by the union including any portion that will later be transmitted to an intermediate or parent body or other affiliate. The LM-2 instructions also require that labor organizations report the full per capita tax paid as a condition of affiliation with the parent union. Statement B of Form LM-2 reports all cash flowing in and out of the union. Therefore, "netting", which is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement, is not permitted.

2. Automobile Expenses

Local 11 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of union

automobiles totaling at least \$30,000. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

3. Acquire/Dispose 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 weekly planners and shirts totaling more than \$1620 during the year, and traded in a vehicle with a trade-in value of \$7500. 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.

4. Inventory of Supplies

Local 11 did not report the value of its inventory of supplies on hand which included shirts, jackets, and sweatshirts. The audit revealed that the union had at least \$4000 of clothing in storage at the union office. The union must report the value of any supplies that may be resold or given away that are on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2 report.

5. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 11 amended its constitution and bylaws in January 2005, but did not file a copy with its LM report for that year. Local 11 has now filed a copy of its constitution and bylaws with our office.

6. Officers Listed on Schedule 11

Robert Crego, an at-large member of the executive board, was not listed on Schedule 11 of Form LM-2. The LM-2 instructions require that the union enter the names of all individuals who held office in the labor organization at any time during the reporting period whether or not any salary or other disbursements were made to them by the labor organization. An officer is defined as any member of the union's executive board or similar governing body.

7. Receipts and Disbursements on Behalf of Affiliates

Local 11 did not properly record the amount of receipts and disbursements on behalf of affiliates in Item 46 (Receipts on Behalf of Affiliates) and Item 63 (Disbursements to Affiliates of Funds Collected on Their Behalf). It appears that the union overstated the amount of receipts on behalf of affiliates in Item 46 by at least \$13,000; this amount should have been recorded elsewhere in Statement B. It also appears that the union understated the amount of disbursements to affiliates in Item 63 by at least \$18,000; this amount may have been recorded elsewhere in Statement B.

8. Signatures

Form LM-2 was not properly signed on June 18, 2011 by a current officer of Local 11. [REDACTED], former Treasurer, had retired from the union on May 1, 2010 and was not a duly authorized officer of Local 11 on June 18, 2011. Form LM-2 must be signed by the current president and treasurer, or corresponding principal officers, of the labor organization even though the officers may not have served in office for the period of time that is covered by the LM-2 report.

Local 11 must file an amended Form LM-2 for the fiscal year ended March 31, 2010, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but not later than March 4, 2011. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed.

Other Violations

The audit disclosed the following other violation(s):

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. The audit revealed that Local 11's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS subsequent to the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Plasterers and Cement Masons Local 11 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: Mr. Richard Lange, President