



July 29, 2010

Mr. John Davis, Treasurer
Plasterers Local 3
4656 Baumgartner Road
St. Louis, MO 63129-2818

Case Number: [REDACTED]
LM Number: 028117

Dear Mr. Davis:

This office has recently completed an audit of Plasterers Local 3 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 July 19, 2010, 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 3's 2009 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 3 did not retain adequate documentation for credit card expenses incurred by John Davis for the purchase of gasoline totaling at least \$152.94. For example, receipts could not be located for the following charges on the credit card: charges in August 2009 to ExxonMobil totaling \$81.44; a charge to AutoZone in September 2009 totaling \$30.80; and a charge to Q.T. in November 2009 totaling \$40.70.

As previously 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. Meal Expenses

Local 3 did not require officers to submit itemized receipts for meal expenses totaling at least \$417.61. 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.

3. Failure to Keep Bank Record for the Purchase of a Certificate of Deposit

Local 3 did not maintain a record of the purchase of a certificate of deposit. The local made a \$100,000 disbursement from the general checking account on May 28, 2009, but no corresponding record to support the disbursement was located. It was determined the disbursement was used to purchase a \$100,000 certificate of deposit which the local maintains. As noted above, the local must maintain documentation showing the nature of the union business requiring the disbursement. The labor organization must also retain bank records for all accounts.

4. Lack of Salary Authorization

Local 3 did not maintain records to verify that the salaries reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2 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.

Based on your assurance that Local 3 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 3'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 during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Plasterers Local 3 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