

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Orleans District Office
600 S. Maestri Place, Room 604
New Orleans, LA 70130
(504) 589-6174 Fax:(504) 589-7174



September 25, 2009

Mr. Kirk Lee, Secretary-Treasurer
Plasterers & Cement Masons AFL-CIO
Local 567
2126 Simon Bolivar Ave.
New Orleans, LA 70113

LM File Number: 034-327

Case Number: ||| ||| ||| |||

Dear Mr. Lee:

This office has recently completed an audit of Cement Masons Local 567, 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 September 18, 2009, 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 567's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 567 did not retain adequate documentation for reimbursed expenses incurred by you totaling at least \$734.13. For example, you used your personal credit card to attend the East Coast Business Manager's Conference in Fort Lauderdale, Florida. However, there were no receipts in the union records for your lodging or airfare.

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. Lack of Salary and Allowance Authorization

Local 567 did not maintain records to verify that the salaries and allowance reported in Item 24 (All Officer and Disbursements to Officers) 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.

Based on your assurance that Local 567 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 567 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Rates of Dues and Fees

There should be a dollar amount or zero for Item 23 (a) through (d). If any of the items are not applicable to your organization "N/A" should be entered rather than leaving the item blank.

2. Payments From Affiliates

During the OIQ, you explained that the Plasterers and Cement Masons International pays your salary three days a week. Item 17 (Employees) is marked "Yes." However, the amount reported in Item 56 (Additional Information) only reflects the amount of disbursements that you received from Local 567. In addition to your name and position, Item 56 should include the name of the affiliated organization which made disbursements to you or on your behalf and the total disbursements made to you or on your behalf including all salary and allowances (before deductions) and other disbursements (including reimbursed expenses).

3. Disbursements to Officers

Local 567 did not include some reimbursements to officers totaling at least \$335.68 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expense). Further, Local 567 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 567 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer 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. 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 traveling on union business should be reported in Item 48 (Office and Administrative Expense).

4. Savings Account Reported As Other Assets

Local 567 improperly included the value of the union members' vacation fund as an "other asset" in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers all bank accounts to be cash. Therefore, the amount reported in Item 30 (Other Assets) for the start and end of the reporting period should be added to the amount reported in Item 25 (Cash) for the start and end of the reporting period. An explanation should be included in Item 56 (Additional Information) to explain this change from reports filed in prior years. Item 30 should include the total value as shown on your organization's books at the start and end of the reporting period of all assets (such as accounts receivable, utility deposits, or travel advances which are not considered loans as explained in the instructions for Item 18) which have not been reported in Items 25 through 29.

Local 567 must file an amended Form LM-3 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 9, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issue

Signing Blank Checks

During the audit, you advised that William Rankins signs blank checks. A two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 567 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 567 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,

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Investigator

cc: Mr. William G. Rankins