



April 21, 2011

Mr. Monty Dietrich, Business Manager  
Plasterers & Cement Masons, AFL-CIO, Local 577  
4515 W. 41st Avenue  
Denver, CO 80212-2242

Case Number: [REDACTED]  
LM Number: 034472

Dear Mr. Dietrich:

This office has recently completed an audit of Plasterers & Cement Masons, AFL-CIO, Local 577 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 April 19, 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.

#### 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 577's 2010 records revealed the following recordkeeping violations:

#### 1. General Reimbursed and Credit Card Expenses

Local 577 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$109. For example, no expense receipts were found in records for express toll fees or for a purchase at a hardware store. The union

failed to document a union purpose for two purchases at hardware stores.

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.

## 2. Meal Expenses

Local 577 records of meal expenses did not always include written explanations of the union business conducted or the names and titles of the persons incurring the restaurant charges. For example, expense receipts for meals totaling at least \$412 did not include an explanation of the business conducted or the names and titles of union officers for those meals. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

## 2. Reimbursed Auto Expenses

A former union officer who received reimbursement for the business use of his personal vehicle did not retain adequate documentation to support payments to him totaling at least \$946 during 2010. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

## 3. Failure to Record Receipts

Local 577 did not record in its receipts records a new member application fee received from a member totaling at least \$75. For example, the union received \$575 from a new member and the \$75 application fee was not included in the deposit. The union recorded \$500 of the \$575 received from the member. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

## 4. Information Not Recorded in Meeting Minutes

Union policies require that officer salaries, benefits, and expense policies be approved by the membership or be established in the local's Constitution and Bylaws. The minutes of meetings do not contain any reference to the union's policy for mileage, fuel, or meal allowances authorized for officers; allowances for these expenses are also missing in the local's constitution.

Meeting minutes are also insufficiently descriptive regarding the amount of expenses

members approved outside of normal recurring expenses. For example, Local 577 membership meeting minutes state that members approved donations to Special Olympics and to a sister local, and to purchase a website for the union. However, the amount authorized for these items is missing from meeting minutes. Local 577 must maintain minutes of all membership or executive board meetings and report any disbursement authorizations made at those meetings.

Based on your assurance that Local 577 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 577 for the fiscal year ended 12/31/ 2010, was deficient in the following areas:

#### 1. Disbursements to Officers and Employees (LM-2)

Local 577 did not include some payments to officers and employees totaling at least \$1,480 for meals, and \$2,645 for fuel and auto charges in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) on its LM-2 report for fiscal year ended December 31, 2009. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

#### 2. Failure to Itemize Disbursement or Receipt (LM-2)

Local 577 did not properly report some “major” transaction(s) in Schedule(s) 15 through 18. A “major” transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that the union reported \$7,090 for automobile expenses in aggregate on Schedule 15, and listed “various” as the vendor for these expenses. The union must include automobile expenses with officer salaries and allowances on Schedule 12 next to each officer

who incurred those charges for official business.

The union erroneously reported \$161,179 in dues receipts in Item 37 per capita tax receipts. Dues receipts must be reported in Item 36, dues and agency fees. The union erroneously reported \$43,649 in Item 63 (Funds to Affiliates Collected on Their Behalf), when these funds were used for representational or political activities, or general overhead. The union must report disbursements in the appropriate categories in Item 50 (Representational Activities), Item 51 (Political Activities and Lobbying), or Item 53 (General Overhead).

### 3. 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 577 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 577 must file an amended Form LM-2 for the fiscal year ended December 31, 2009, 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 May 6, 2011. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

### Other Issue

#### Expense Policy

As I discussed during the exit interview with you and with Plasterers (OPCMIA) International Representative Shell Sherman, and International Vice President Waymond Parker, the audit revealed that Local 577 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Plasterers & Cement Masons, AFL-CIO, Local 577 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: S. Sherman, OPCMIA International Representative

W. Parker, OPCMIA International Vice President