

**U.S. Department of Labor**

Employment Standards Administration  
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July 17, 2007

Mr. Michael Fera, President  
Plasterers and Cement Masons  
Local 592  
2511 Snyder Avenue  
Philadelphia, PA 19145-2599

LM File Number 021-294

Case Number: [REDACTED]

Dear Mr. Fera:

This office has recently completed an audit of Plasterers and Cement Masons Local 592 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 Frank Fera, the union's accountant Lou Verzella and yourself on July 10, 2007, 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.

The CAP disclosed the following:

Record Keeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 the retention of 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 592's FY 2006 records revealed the following recordkeeping violation:

Union Owned/Leased Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedule 11 (Officers and Disbursements to Officers) of the LM-2.

Local 592 incurred expenses totaling at least \$112,721.62 for automobiles during 2006. However, Local 592 did not maintain records documenting business versus personal use of the leased vehicles.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

Immediate corrective action was taken by Treasurer Frank Fera who instituted the use a log for all leased vehicles effective June 7, 2007.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-2 filed by Local 592 for fiscal year ending December 31, 2006, was deficient in the following area:

### Automobile Expenses

Included in the total amount for automobile expenses during the year 2006 was at least \$43,704.55 for the operation and maintenance those automobiles. This total amount was reported in Column F of Schedules 11 (Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) of the Form LM-2.

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.

I am not requiring that Local 592 file an amended LM report for 2006 to correct the deficient item, but Local 592 has agreed to properly report the deficient item on all future reports it files with OLMS.

### Other Issue

#### Fixed Assets

The audit revealed that Local 592 did not maintain an inventory of fixed assets. OLMS recommends that unions maintain an inventory list to account for all union property.

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During the audit Treasurer Frank Fera conducted an inventory of all fixed assets and documented it by an inventory list. This inventory will be updated as changes occur. Additionally, a video will be taken of the assets for insurance purposes.

I want to extend my personal appreciation to Plasterers and Cement Masons Local 592 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: Frank Fera, Treasurer