

U.S. Department of Labor

Employment Standards
Administration
Office of Labor-Management
Standards
Seattle District Office
1111 Third Avenue
Room 605
Seattle, WA 98101
(206) 398-8099 Fax:(206) 398-8090



September 14, 2007

Mr. Thomas Frohlich, Business Manager/Financial Secretary
Plasterers and Cement Masons Local 867
825 East 8th Avenue
Suite 10
Anchorage, AK 99501

LM File Number: 012-497

Case Number: [REDACTED]

Dear Mr. Frohlich:

This office has recently completed an audit of Plasterers and Cement Masons Local 867 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 August 16, 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.

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 867's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 867 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$2,400. For example, there are several charges to the union's credit card for fuel that do not include a description as to what union related business was conducted during the trip. There are also at least two airline tickets totaling over \$1,300 but no details as to the purpose of the trips or the nature of the union business conducted during the trip.

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. Disposition of Property

Local 867 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2 Other Assets. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

Based on your assurance that Local 867 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 867 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. 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 t-shirts totaling more than \$100 during the year. 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.

2. Disbursements to an Employee

Item 11 shows James Bushey as a salaried officer. However, you stated that the position he was elected to is "executive board" and the position that he is paid for is "business agent" which is an employee and not an officer position. Bushey should be listed as an employee in schedule 12 along with the salary he receives for being employed in that position.

OLMS is not requiring that Local 867 file an amended LM report for 2006 to correct the deficient items, but Local 867 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 867 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 867 has now filed a copy of its constitution and bylaws.

Other Issues

During the course of the audit, it was discovered that a union member who is no longer a union officer is listed on the union bank accounts and has access to union funds. OLMS strongly urges you to ensure that only authorized individuals have access to union funds and that this be taken care of as soon as possible.

I want to extend my personal appreciation to Plasterers and Cement Masons Local 867 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. Michael Goosen, President

