



May 22, 2012

Mr. Ken Johnson, Secretary-Treasurer
Plate Printers NHQ

Case Number: [REDACTED]
LM Number: 000205

Dear Mr. Johnson:

This office has recently completed an audit of Plate Printers NHQ 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 25, 2012, 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 Plate Printer NHQ's 2010 records revealed the following recordkeeping violations:

1. General Expenses and Reimbursed Expenses

Plate Printers did not retain receipts for a majority of the expenses incurred by the union. Plate Printers had expenses totaling \$13,466 for which there were no validating receipts, bills, or invoices.

Plate Printers did not retain adequate documentation for reimbursed expenses incurred by Secretary Treasurer Ken Johnson totaling at least \$2,309. For example, Johnson used his personal debit card to purchase items such as stamps, envelopes, internet router, and ink cartridges without maintaining proper supporting documentation for reimbursement.

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. Failure to Record Disbursements

Plate Printers failed to record disbursements in their QuickBooks online ledger. Plate Printers did not record check # [REDACTED] for \$400 and other disbursements of \$740 in its ledger. All disbursements for the fiscal year should be included in the QuickBooks ledger to accurately complete the LM-3 report.

3. Failure to Record Receipts

Plate Printers failed to record receipts in their QuickBooks online ledger from a dues deposit received on December 27, 2010 in the amount of \$546. 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. Online Banking

Plate Printers uses online banking to conduct a majority of their business. Plate Printers failed to maintain a hard copy of their bank statements, online payments and cancelled checks.

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

Reporting Violation

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 Plate Printers NHQ for fiscal year ending December 31, 2010, was deficient in that:

Disbursements to Officers

Plate Printers did not include disbursements to Secretary-Treasurer Ken Johnson totaling at least \$2,309, indirect disbursements to President Dan Bradley totaling \$2,387 and direct disbursements to Bradley totaling \$922, and direct disbursements to Vice-President Glen Bow totaling \$3,000 in the amounts reported in Item 24 Column E (Allowances and Other Disbursements). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to NHQ 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).

I am not requiring Plate Printers NHQ to file an amended LM report for 2010 to correct the deficient items listed above, but Plate Printers NHQ agreed to forward a copy of their 2011 report to OLMS for review before filing to insure proper reporting of indirect and direct disbursements to officers. Based upon my review of that report, it appears Plate Printers NHQ has properly reported indirect and direct disbursements to officers. Plate Printers NHQ further agreed to properly report disbursements to officers on all future reports it files with OLMS.

I want to extend my personal appreciation to Plate Printers NHQ 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,



Senior Investigator

cc: Mr. Dan Bradley, President