



September 23, 2106

Mr. Dan Musacchio, President  
Bricklayers Local Union 16  
9437 Hamilton Drive  
Mentor, OH 44060

Case Number: 350-6005764  
LM Number: 001499

Dear Mr. Musacchio:

This office has recently completed an audit of Bricklayers Local Union 16 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 and Financial Secretary-Treasurer Keith Hocesvar on September 7, 2016, 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 16's 2015 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 16 did not retain adequate documentation for credit card expenses incurred by Financial Secretary Keith Hocesvar totaling at least \$367.00. For example, Hocesvar

submitted credit card bills for expenses for Local 16 and Ohio-Kentucky Administrative District Council for meals and supplies for the union that were not maintained.

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. Authorization of Employment

Local 16 did not maintain authorization to hire you to perform organizing activities in June and September 2015. You indicated you were "in between" jobs while you were paid for organizing activities during this time totaling \$6,253.66.

The union has not submitted their LM-3 report for 2015 due to the compliance audit being conducted. However, a review of the previous LM-3 reports for fiscal years ending December 31, 2013 and December 31, 2014, shows that the union failed to report salaries in Item 24 (All Officer and Disbursements to Officers) of the LM-3. All salaries must be authorized and reported correctly on the LM-3 report. In addition, 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.

### 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 (LM-3) filed by Local 16 for the fiscal year ending December 31, 2015 has not been filed due to the compliance audit being performed. You agreed to file the delinquent report with our office no later than October 30, 2016. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures. The reporting forms and are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). Additionally, the LM-3 report, for the fiscal year ending December 31, 2014, was deficient in that:

#### 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 16 amended its constitution and bylaws in 2012. Local 16 have now filed a copy of its constitution and bylaws.

Other Issues

1. Itemizing Officers' Salaries, Allowances and Expenses

Local 16 has not filed their LM-3 report for fiscal year ending December 31, 2015. Although the OLMS audit covered fiscal year ending December 31, 2015, LM-3 reports were reviewed for fiscal years ending December 31, 2013 and December 31, 2014. It appears that disbursements to officers were not properly reported in Item 24 (All Officers and Disbursements to Officers). As discussed during the exit interview, payments to officers must properly be reported in Item 24. Local 16 agreed to properly report disbursements to officers in Item 24 beginning with the 2015 LM-3 report.

2. Subsidiary Organization

LM-3 report instructions indicate the union is required to report financial information about any "subsidiary organizations." Financial information about your union and its subsidiary organizations may be combined on a single Form LM-3 or you may attach to the union's LM-3 report the regular annual report of the financial condition and operations of the subsidiary organization with a signed certification by an independent public accountant. Section X of the LM-3 report instructions provides guidance on how to report financial information for subsidiary organizations. If combining the information concerning subsidiary organizations, be sure to include the requested information and amounts for the subsidiary organizations as well as for all other assets of your union in all items. Local 16 has been reporting the building trust separately and contrary to the instructions. In the future, the union will be reporting a combined LM-3 report for the building and union.

I want to extend my personal appreciation to Bricklayers Local Union 16 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. Keith Hocevar, Financial Secretary-Treasurer