



August 4, 2010

Mr. Jamal Shepard, President
Plasterers Local 9
325 Oliver Street
North Tonawanda, NY 14120

Case Number: [REDACTED]
LM Number: 540413

Dear Mr. Shepard:

This office has recently completed an audit of Plasterers Local 9 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 Financial Secretary Eric Brown and Business Manager Paul Brown on July 22, 2010, 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 Violation

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 9's 2009 records revealed the following recordkeeping violation:

Lack of Salary Authorization:

Local 9 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. 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.

Based on your assurance that Local 9 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-3) filed by Local 9 for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Cash Reporting

The starting cash figure reported in Items 25A (cash) at the start of a reporting period must be the same as entries in Items 25B (cash) at the end of the reporting period on your union's prior year Form LM-3 or an adequate explanation must be provided in Item 56 (additional information). The reported figures were not the same and no explanation was provided.

2. Information Item Incorrectly Checked

Item 17 (employee paid \$10,000 or more) must be answered "yes" if an employee received \$10,000 or more from the union. When answering "yes" the name of each employee, the name of other affiliated union(s) which made disbursements to or on behalf of the employee, and total disbursements made by your union to the employee must be provided in Item 56 (additional information). Employee Mary Lynch was paid at least \$12,000 by the union in 2009.

I am not requiring that Local 9 file an amended LM report for 2009 to correct the deficient items, but Local 9 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 9 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 9 have now filed a copy of its constitution and bylaws.

Other Issue

Checks with Only One Signature

During the audit, Financial Secretary Eric Brown advised that it is Local 9's preference for disbursements made by check to contain two authorized signatures. The audit revealed that Local 9 had numerous checks containing only one signature. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, only having one signature on union checks does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 9 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Plasterers Local 9 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. Eric Brown, Financial Secretary
Mr. Paul Barton, Vice President
Mr. Paul Brown, Business Manager