

**U.S. Department of Labor**

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April 21, 2009

Anthony LoCurto, Business Manager  
Plasterers & Cement Masons, AFL-CIO  
Local Union 111  
165 Division Street  
North Tonawanda, NY 14120

LM File Number: 540-244

Case Number: [REDACTED]

Dear Mr. LoCurto:

This office has recently completed an audit of Local 111 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, Business Agent Dennis LoCurto, Staff Accountant Karen McKernan, and Accountant Ralph Genovese on April 16, 2009, 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.

Record Keeping 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 111's 2006/2007 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 111 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, receipts for meals at Sinatra's Trilogy restaurant on May 25, 2006 for \$206.80 and June 22, 2006 for \$275, lacked full details regarding names of individuals present and items purchased. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Failure to Record Disbursements

The union's disbursements ledger was not properly posted with disbursements details for a period of time between January 2007 and May 2007. Several checks written on the union's account were not posted in the QuickBooks ledger and in some instances two checks were assigned the same check number. During this time period, the union was in the process of hiring a new office manager and the books were being maintained by various union employees along with the union's accountant.

Based on your assurance that Local 111 will retain adequate documentation and maintain proper union records 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 111 for fiscal year ending March 31, 2008 was deficient in the following areas:

#### 1. Failure to Itemize Disbursements

Local 111 did not properly report some "major" transactions in Schedules 18 (General Overhead) and 19 (Union Administration). A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that several categories of disbursements in Schedules 18 and 19 exceeded \$5,000 and could likely be broken down by payees receiving more than \$5,000 each. The union used the terms "various" and "general & administrative" to categorize some disbursements rather than breaking down the disbursements by "major" payees.

In Schedule 17 (Contributions, Gifts & Grants), Local 111 itemized disbursements made as Christmas gifts to members. A review of the union's records indicated the union wrote each member a check in the amount of \$100 as a Christmas gift. Since each member or "payee" only received \$100, far below the \$5,000 threshold to qualify as a "major" transaction, this amount should be reported in Schedule 17, Item 5 (All Other Disbursements).

#### 2. Failure to Report Receipts and Disbursements (Items 46 & 63)

The receipts figures reported on the LM-2 for fiscal year ending March 31, 2008 did not include receipts deposited into one union bank account. As a result, the figure reported in Item 49 (Total Receipts) of the LM-2 is inaccurate. The amount of receipts in this account should be reported in Item 46 (On Behalf of Affiliates for Transmittal to Them) and included in the total receipts figure in Item 49. As we discussed during the closing interview, receipts for all union bank accounts must be included in the figure reported in Item 49 of the LM-2.

Additionally, the disbursements made to the benefit funds from the same account were not included in the figure reported in Item 68 (Total Disbursements). The total amount disbursed from the additional account discussed above should be reported in Item 63 (To Affiliates of Funds Collected on Their Behalf) and included in the total disbursements figure reported in Item 68 of the LM-2.

Local 111 must file an amended Form LM-2 for fiscal year ending March 31, 2008, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but not later than May 15, 2009. Please also forward a printed copy of the amended report to this office by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

#### Other Violation

The audit disclosed the following additional violation:

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The bonding certificate in effect at the time of the audit was in the amount of \$70,000. However, based on receipts calculations conducted during the audit, Local 111 needed bonding coverage in the minimum amount of \$283,000.

At the time of this letter, Local 111 has already provided this office with proof of updated bonding coverage, in the amount of \$300,000. As a result, OLMS will take no further enforcement action regarding this issue. Thank you for your prompt attention to this matter.

Mr. Anthony LoCurto  
April 21, 2009  
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I want to extend my personal appreciation to Local 111 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: Joseph Coniglio, President  
Ralph J. Genovese, CPA