

U.S. Department of Labor

Employment Standards Administration
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February 14, 2005

Susana Segat
Director
SEIU Massachusetts State Council
145 Tremont St, Suite 202
Boston, MA 02111

Re: 2

Dear Ms. Segat:

This office has recently completed an audit of SEIU State Council 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 October 14, 2004, and in a subsequent conversation with Richard Barry on December 20, 2004, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The CAP disclosed the following record keeping deficiencies:

Union officers failed to retain sufficient documentation for reimbursed expenses. Examples of such missing documentation include vendor invoices for services rendered, and written minutes for meetings which occurred in the last quarter of 2002.

As agreed, provided that the State Council maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations:

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Reports (Form LM-2) filed by the Massachusetts State Council for fiscal years ending December 31, 2002 and December 31, 2003 were deficient in the following areas:

The Massachusetts State Council failed to include some reimbursements to officers and employees in the amounts reported in Schedule 9 (All Officers and Disbursements to Officers) and Schedule 10 (Disbursements to Employees). In particular, the LM report failed to disclose \$6,014.43 in reimbursed expenses to Director Susana Segat in 2002, and \$3,713.74 and \$3,329.71 in reimbursed expenses to Assistant Political Director Kirsten Centrella in 2002 and

2003 respectively. The amounts paid to Centrella should have been reported in Item 57 (Cash Disbursements to Employees) and in Schedule 10, Item 7.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 9 and 10. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements).

I am not requiring that the Massachusetts State Council file an amended LM- report for 2002 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

Other Issues:

1. Investigation revealed that the Massachusetts State Council levied an assessment on members of all locals in October, 2002. The exact nature and purpose of the assessment have yet to be verified by the Council, thanks in part to the fact that meeting minutes for the relevant period are missing. The record keeping violation relating to the missing meeting minutes has already been addressed in the earlier part of this letter.
2. Investigation also disclosed that Director Segat was reimbursed twice for a travel expense incurred on April 25, 2002. Director Segat was informed of the matter and has already reimbursed the Council for the amount of \$631.50. No additional enforcement action will be taken regarding this violation.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely /

F(C)

Investigator