

**S. Department of Labor**

Employment Standards Administration  
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**Boston District Office**  
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May 19,2008

Mr. Albert Deston, President  
American Federation of Musicians Local 216  
176 Bedford Street  
Fall River, MA 02720

LM File Number: 043-460

Case Number: XXXXXXXXXX

Dear Mr. Deston:

This office has recently completed an audit of Musicians Local 216 under the Compliance Audit Program (CAP) to determine your organizations compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on May 16,2008 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.

The CAP disclosed recordingkeeping and reporting violations.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 note can be written on it providing the additional information. In the case of receipts, the date,

amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all amounts.

The audit of Local 216's 2006 records revealed the following recordkeeping violations:

1. Reimbursed and General Expenses

Local 216 did not retain adequate documentation for rent, cash disbursements, and office supplies. The local paid \$3,627 for rent in 2006 (no invoices or receipts). The local disbursed \$135.58 to Staples for a chair and office supplies but did not retain the receipt.

Labor organizations must retain original receipts, bills, and adequately documented vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Record Receipts and Disbursements

Local 216 did not keep an income and expense sheet for the St. Michael's Credit Union Savings Account. A total of \$3,900 in new receipts (not including interest) and a \$4,000 receipt transfer were deposited into this account in 2006. A total of \$7,800 (not including a \$1,000 transfer of funds to checking) was disbursed from this account. The local had no record of who received the cash disbursements. In addition, the local's checking account income sheet failed to adequately identify the source of some receipts. For example, the June 2006 income sheet notes \$192.84 under Misc. Income. This \$192.84 also appears to be part of \$901.47 in undeposited receipts (total for 2006).

Union receipts and disbursement records must include adequate identification of all money the union receives and disburses. The records should show the date and amount received, and the source of the money and the amount disbursed (including cash disbursements) and the name of the payee.

3. Salary Authorizations

Local 216 did not maintain records to verify that the treasurer's salary for conducting union business was authorized and therefore correctly reported. The

union must keep a record, such as bylaws or meeting minutes, to show the current salary authorized.

### 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 216 for fiscal year 12/31/06 was deficient in the following areas:

1. All Officers and Disbursements to Officers

Local 216 failed to include some reimbursements to officers totaling \$5,812 in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Item 46 (To Employees) and Item 48 (Office and Administrative Expense). All direct disbursements to officers and some indirect disbursements made on behalf of its officers must be reported in Item 24.

2. Cash Assets Start and End of Reporting Period

Local 216 erroneously reported \$66,718 of cash assets in Item 30A and \$84,215 in 30B when the figures belonged in 25A and 25B respectively.

3. Cash Receipts

Local 216 reported \$2,588 in Interest and Dividends. The audit revealed \$2,651.20 in Interest and Dividends. The local under reported Item 43 (Other Receipts) by not including receipts deposited into the savings account.

4. Cash Disbursements

Local 216 erroneously reported the majority of its disbursements in Item 48 (Office and Administrative Expense). The local also failed to report \$7,800 in "Other Disbursements" from the savings account.

### Other Violations

#### Inadequate Bonding

Local 216's officers and employees are currently bonded for \$10,000 but must be bonded for \$12,780. Local 216 should obtain bonding for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than June 10,2008.

Musicians Local 216 is required to file an amended Form LM-3 for fiscal year 12/31/06 to correct the deficient items discussed above. The amended Form LM-3 should be submitted to this office at the above address **as soon as possible**, but not later than June 16,2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Musicians Local 216 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,

Mark Letizi  
District Director

cc: Mr. Albert Turgeon, Treasurer