

U.S. Department of Labor

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March 5, 2009

Mr. William Leshar, President
Musicians AFL-CIO
Local 341
1040 Betzwood Drive
Eagleville, PA 19403

LM File Number 047-739
Case Number: [REDACTED]

Dear Mr. Leshar:

This office has recently completed an audit of Musicians Local 341 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 February 18, 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.

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 disbursements 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 341's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 341 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former Secretary-Treasurer Thomas Bray totaling at least \$459.00. For example no receipts or bills were retained for expenses totaling \$339.00 for postage, \$20.00 rental fee for the Local's post office box and \$100.00 for repairs to the union's computer. During the audit OLMS verified the union purpose for all of the above expenses. Additionally, Local 341 did not retain receipts for four purchases made at Staples for office supplies totaling \$83.18.

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. Receipt Dates and Sources not Recorded

Local 341 failed to maintain voided checks, or a record of receipts which identified the date money was received, the sources, or the individual amounts. Receipt records must show the date, amount, and source of all receipts. The date of receipt is required to verify, explain or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Form LM-3. The Form LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to records the date money was received could result in reporting some receipts on the Form LM-3 for a different year than the year it actually received them.

3. Failure to maintain Meeting Minutes

During the audit you advised that the executive board reviews and approves employee and officer expenses. Additionally, any expenses beyond monthly bills are approved by the executive board. However, Local 341 did not maintain its 2007 executive board meeting minutes. Executive board meeting minutes approving disbursement for employee and officer expenses and any expenses beyond monthly bills must be maintained.

4. Lack of Salary Authorization

The audit revealed that non-payment of dues by union officers and former Treasurer Thomas Bray's salary were authorized by the membership. However, Local 341 did not maintain records to verify that officers were not required to pay dues and Bray's salary reported in Item 24 (All Officer and Disbursements to Officers) of the Form LM-3 was the authorized amount and was therefore correctly reported. Local 341 must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual with the authority to establish salaries and the officers are not required to pay dues. Please forward a copy of the record documenting the salary authorization to me at the above address at whatever time the authorizations are recorded in union records.

Based on your assurance that Local 341 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit disclosed a violation of the 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 341 for fiscal year ending December 31, 2007, was deficient in the following area:

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 amended its bylaws in 2004 but did not file a copy with its LM report for that year.

Local 341 has now filed a copy of its bylaws.

Other Issue

The audit disclosed the following other issue:

Use of Signature Stamp

During the audit you advised that it was Local 341's practice for former Secretary-Treasurer Thomas Bray to stamp his signature on all union checks. Article II Section 4 of Local 341's bylaws requires that checks be signed by the Secretary-Treasurer. Section 5 of Article II requires the Executive Board to approve all expenditures of the Local. However, the use of a signature stamp does not attest that the Secretary-Treasurer actually signed the completed check.

You informed OLMS at the opening interview that a signature stamp is no longer authorized or used yourself or John Finiello, the current Secretary-Treasurer.

I want to extend my personal appreciation to Musicians Local 341 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: John Finiello, Secretary-Treasurer