



June 8, 2011

Mr. Ronald Daniels, President & Secretary Treasurer  
Musicians, AFL-CIO  
Local Union 92  
374 Delaware Avenue  
Buffalo, NY 14202

Case Number: [REDACTED]  
LM Number: 047-927

Dear Mr. Daniels:

This office has recently completed an audit of Musicians, Local Union 92 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 Vice President Richard Riederer, Accountant James Moscato, and yourself on June 2, 2011, 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 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 92's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 92 did not retain adequate documentation for payments made by check and through a debit card arrangement totaling at least \$2,167. For example, reimbursed expenses were paid to ISCOM Representative [REDACTED] totaling \$1,189.95 in which no receipts were maintained. In addition, meeting expenses incurred at Bobby McGee's for \$280 was not supported with a receipt.

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. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 92 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 92 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Failure to Report Receipts & Disbursements

Local 92 did not report all receipts received on behalf of members for transmittal on their behalf on the Labor Organization Annual Report. Alternatively, the union did not report the disbursements made on behalf of these members during the period.

The audit found that Local 92 collected health insurance premiums from members enrolled in the group insurance plan and paid such premiums to the appropriate insurance companies. The union collected at least \$138,087 in receipts which were not reported on the form. Also, the union disbursed at least \$122,171 to such plans on behalf of individual members.

## 2. Disbursements to Officers

Local 92 did not report the names of some officers and the total amounts of payments to them on the LM report. The union must report all persons who held office during the year, regardless of whether they received any payments from the union. Local 92 only reported the President and Vice President on the form.

For reporting on the Form LM-2, the union must report most direct disbursements to Local 92 officers and some indirect disbursements made on behalf of its officers in Schedule 11 (All Officers and Disbursements to Officers). Similarly, disbursements to employees should be reported in Schedule 12 (Disbursements to Employees). The union must report in Column F (Disbursements for Official Business) of Schedules 11 and 12 direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

In past years, Local 92 filed a Form LM-3 for labor organizations with annual receipts totaling less than \$250,000. Since the union's total's receipts would exceed this amount when the correct amount is reported, Local 92 is required to file a Form LM-2.

Local 92 must file an amended Form LM-2 for the fiscal year ended December 31, 2010, to correct the deficient items discussed above. I explained to you the filing procedures that are available through the OLMS Electronic Forms Systems (EFS), which can be found on our website ([www.olms.dol.gov](http://www.olms.dol.gov)). EFS is a web-based system for completing, signing and submitting your LM-2. The amended Form LM-2 should be submitted electronically as soon as possible, but not later than June 30, 2011. Before filing, review the report thoroughly to be sure it is complete and accurate. Please advise when the amended form has been submitted.

## 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 92 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 92 has now filed a copy of its constitution and bylaws with OLMS.

Other Violation

The audit disclosed the following other violation:

**Inadequate Bonding**

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.

Local 92's officers and employees were previously bonded for \$38,000, but should have been bonded for at least \$43,583. Local 92 has since obtained adequate bonding coverage for its officers and employees. Proof of adequate bonding coverage was provided to OLMS.

I want to extend my personal appreciation to Musicians Local Union 92 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. Richard Riederer, Vice President  
Mr. James Moscato, Accountant