

**U.S. Department of Labor**

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March 21, 2008

Mr. Stan Israel, President  
Service Employees Council 10  
55 Cedar Street  
Providence, RI 02903

LM File Number: 537-311

Case Number: [REDACTED]

Dear Mr. Israel:

This office has recently completed an audit of Service Employees Council 10 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 and the Executive Director, Patrick Quinn, on March 20, 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.

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 Service Employees Council 10's 2006 records revealed the following recordkeeping violations:

1. Expenses

The local failed to maintain adequate documentation for meal and rent disbursements. Meal receipts for Tommy's Pizza in October and November 2006 (totaling \$122.49) did not note the union purpose

for the meals. The names of the individuals partaking of the meals were not noted on the receipts. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

The Council failed to get and retain receipts for rent paid to SEIU Local 615 for the lease of office space for Council 10's executive director. The Council agreed to document fully all meal receipts and get receipts from Local 615 for rent payments.

2. Receipts

Council 10 failed to accurately identify the source and amount of each individual receipt of money. The receipts spread sheet noted per capita payments from the seven member locals and the monthly subsidy from SEIU. Receipts from T-Shirt sales and an SEIU grant were either not identified or identified incorrectly. (For example, the spread sheet had a hand written notation listing the SEIU grant as \$48,007. The grant check was actually \$46,080). In addition, the total for some of the locals per capita payments did not add up to the sum of the individual line items. (For example, the spread sheet column total for Local 580 was \$8,784.97, but the sum of the monthly per capita checks listed was actually \$8,204.97).

Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

As agreed, provided that Council 10 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding the violations.

Reporting Violations

The CAP 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 Service Employees Council 10 for fiscal year 12-31-2006 was deficient in the following areas:

1. LM-3 Item 29 A and B (Fixed Assets) and Item 52 (Purchase of Investments and Fixed Assets)

Council 10 failed to report the value of fixed assets at the start and end of the reporting period and the purchase of a fixed asset. During the audit opening interview, the Council president and executive director stated that the Council had a desk top computer, desk, and file cabinet. The audit revealed that during 2006, the executive director purchased a desk chair (value \$37.45). The

purchase price of the desk chair should have been reported in Item 52 (Purchase of Investments and Fixed Assets) and added to the fixed assets value at the end of the reporting period.

2. LM-3 Item 46 (To Employees)

Council 10 failed to report salary and allowances paid to the executive director, and lost time wages paid to member locals on behalf of union members, in Item 46 (To Employees). These payments totalling approximately \$131,774 appear to have been erroneously reported in Item 54 (Other Disbursements).

3. LM-3 Item 49 (Professional Fees)

Council 10 did not accurately report its professional fees. The Council actually had no disbursements for professional fees in 2006. The \$845 reported for 2006 was paid in September 2005. The check was cashed by the accounting firm in March 2006.

4. LM-3 Item 43 (Other Receipts)

Council 10 inaccurately reported other receipts (SEIU grant, monthly subsidy, T-shirt sales) as \$98,007. The SEIU grant, monthly subsidy, and T-shirt sales receipts actually totaled \$96,157.

5. LM-3 Item 13 (Acquire/Dispose of Property)

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the Council gave away T-Shirts totaling \$1,815.33 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

Service Employees Council 10 must file an amended Form LM-3 for fiscal year ending December 31, 2006 to correct the deficient items discussed above. I provided the Council's officers a blank form and instruction guide during the exit interview. The amended LM-3 should be submitted to this office at the above address as soon as possible, but not later than April 18, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Mr. Stan Israel  
March 21, 2008  
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I want to extend my personal appreciation to Service Employees Council 10 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. Patrick Quinn, Executive Director