

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 13, 2006

Mr. Michael Hanlon, Assistant Director
SEIU
Massachusetts State Council
145 Tremont Street, Suite 202
Boston, MA 02111

Re: Case Number: ~~_____~~

Dear Mr. Hanlon:

This office has recently completed an audit of SEIU MA 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 Michael Hanlon, Susana Segat, and Richard Barry on June 29, 2006, 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 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-2) filed by the MA State Council for fiscal year ending December 31, 2004, was deficient in the following areas:

- Item 19 did not accurately reflect the date of the organization's next regular election of officers.
- Item 21 incorrectly reported the dues rate as \$0.10 per member per month, instead of \$0.30 per member per month.
- The organization failed to report the purchase of a software program worth \$10,000 in Schedule 7 (Purchase of Investments and Fixed Assets) even though it considered the program part of its inventory of office furniture and equipment.
- Schedule 14 (Other receipts) failed to note the exact nature of receipts from the International Union, which comprised the International's return of the Council's portion of "5 cent" and "9 cent" per capita, as well as Director Segat's reimbursement of travel expenses to the Council.
- Schedule 15 (Other Disbursements) incorrectly reported that \$74,763 was disbursed for "Conventions and Meetings," when the actual nature of the disbursement consisted of salary payments made out to SEIU Local 888 on behalf of ~~_____~~, the former assistant director of the Council. Schedule 15 also erroneously reported "Depreciation Expense" as a line item.

A review of the LM-2 report filed by the MA State Council for fiscal year ending December 31, 2005 revealed several deficient items as well:

- Item 21 incorrectly reported the dues rate as \$0.10 per member per month, instead of \$0.30 per member per month.
- Schedule 16 (Political Activities and Lobbying) reported \$79,977 in named payee itemized disbursements, but the itemization pages did not correctly report the details of payees receiving more than \$5,000 in a single payment or cumulatively, nor did they provide an explanation of the purpose of the payments.
- Schedule 18 (General Overhead) incorrectly reported \$54,594 in named payee itemized disbursements, instead of \$32,200 in that category and \$15,181 in all other disbursements. The attached itemization page incorrectly listed all other remaining line item disbursements for the organization, instead of providing individual itemization pages for each payee.

SEIU MA State Council was asked to file amended Form LM-2s for fiscal years ending December 31, 2004 and December 31, 2005, to correct the deficient items discussed above. The amended reports were received on July 11, 2006. No further action will be taken regarding this violation.

The CAP also disclosed 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 handled by those individuals or their predecessors during the preceding fiscal year. The State Council's officers and employees were bonded for \$40,000, but they should have been bonded for at least \$47,941. Adequate bonding coverage in the amount of \$50,000 has since been obtained, and no further enforcement action will be taken.

I want to extend my personal appreciation to SEIU MA State Council 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