

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 9, 2010

Mr. Douglas Fisher, President
Musicians AFL-CIO
Local Union 103
1585 Bethel Road
Columbus, Ohio 43220

LM File Number 007-563
Case Number: [REDACTED]

Dear Mr. Fisher:

This office has recently completed an audit of Musicians Local Union 103 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 April 7, 2010, 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 103's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 103 did not retain adequate documentation for reimbursed expenses and credit card expenses totaling at least \$6,600. For example, credit card expenses and checks disbursed for airline tickets, travel service fees, lodging, FedEx, Staples, McDonald's Restaurant, Patio Printing, annual federation fees, postage, and union email service renewal fees were not properly documented with purchase receipts, invoices, or bills.

As previously 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. Meal Expenses

Local 103 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the purchase receipt for Flaming Wok was maintained without appropriate written documentation. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 103 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 103 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 103 did not include monthly executive board payments and some reimbursements to officers totaling at least \$1,125 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 103 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Disbursements to Employees

Local 103 did not include monthly executive board payments to employees totaling at least \$1,500 in Item 46 (To Employees). It appears the union erroneously reported these payments in Item 54.

The union must report the total of all salaries, allowances, travel advances which are not considered loans as explained in the instructions for Item 18, and other

direct and indirect disbursements (less deductions) to employees of your organization during the reporting period in Item 46.

3. Per Capita Tax

Local 103 did not include some per capita tax payments totaling at least \$15,651 in Item 47 (Per Capita Tax). It appears the union erroneously reported these payments in Item 54.

The union must report the organization's total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other labor organization in Item 47.

I am not requiring that Local 103 file an amended LM report for 2008 to correct the deficient items, but Local 103 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

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. In 2008, Local 103's officers and employees were bonded for \$20,000, but should have been bonded for at least \$34,029. Similarly, in 2009, Local 103's officers and employees were bonded for \$20,000, but should have been bonded for at least \$23,458. Local 103 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than April 30, 2010.

Mr. Douglas Fisher
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I want to extend my personal appreciation to Musicians Local Union 103 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,



Lead Investigator

cc: Vaughn Wiester, Secretary