

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Philadelphia District Office  
170 S. Independence Mall West  
Room 760  
Philadelphia, PA 19106  
(215)861-4818 Fax: (215)861-4819



March 27, 2008

Mr. Egidio S. Lemoncelli, Secretary-Treasurer  
Musicians AFL-CIO, Local 130  
117 W. Filbert Street  
Archbald, PA 18403

LM File Number: 019-739

Case Number: [REDACTED]

Dear Mr. Lemoncelli:

This office has recently completed an audit of Musicians AFL-CIO Local 130 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 Wednesday, March 26, 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 Violation**

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 130's 2006 records revealed the following recordkeeping violations:

#### Cancelled Checks

Local 130 did not retain adequate documentation for all disbursements made during the audit period. Copies of nine checks were missing from the union's records for the months of May, June, August, and September in 2006. The missing checks were obtained from the bank during the audit.

Based on your assurance that Local 130 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

#### 1. Incorrect Reporting of Loss of Funds

Local 130 incorrectly marked Item 11 yes, indicating a loss of funds during the reporting period for 2006. During the audit, you advised this was done because you took out a loan to cover past due per capita taxes. Since this question refers to the improper usage of union funds or property, it should not have been marked yes on the LM report for the Local.

I am not requiring that Local 130 file an amended LM report for 2006 to correct the deficient item, but Local 130 has agreed to properly report the deficient item on all future reports it files with OLMS.

#### 2. 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 130 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year. Local 130 has now filed a copy of its constitution and bylaws.

Other Issue

Use of Signature Stamp

During the audit, you advised that it is Local 130's practice to sign all union checks by stamping the signatures of the President and Secretary-Treasurer on union checks. You indicated that all checks are reviewed during union meetings, as per Article VI of Local 130's bylaws, which requires that checks be approved by a two-thirds majority vote of members present. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 130 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Musicians Local 130 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. Patrick Marcinko, President