

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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January 29, 2007

Mr. Bernard Sanchez, President
Professional Musicians of Northwest Ohio
Local 15-286
1700 N. Reynolds Road
Toledo, Ohio 43615

Re: Case Number: [REDACTED]

Dear Mr. Sanchez:

This office has recently completed an audit of Musicians Local 15-286 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 Bernard Sanchez and [REDACTED] on January 22, 2007, 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-3) filed by Local 15-286 for fiscal year ending December 31, 2005 was deficient in the following areas:

Local 15-286 offset disbursements and reimbursements on Statement B, Item 48 (Office and Administrative Expense) and reported only the balance (net) as a disbursement. A refund received from [REDACTED] should have been reported as a cash receipt and not offset against cash disbursements. Since Statement B reports all cash flowing in and out of the labor organization, netting is not permitted.

Local 15-286 failed to properly report some disbursements to officers in Item 24 (All Officers and Disbursements to Officers). With a few exclusions, as noted in the instructions, direct and indirect disbursements to officers for reimbursement of expenses incurred while conducting union business must be reported in Column E of

Item 24. The audit found that that an erroneous number, based on \$250 per month, was entered into Column E, while actual reimbursed expenses were misclassified in Item 48, Office and Administrative Expenses.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, 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 recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Local 15-286's 2005 records:

Union officers and employees failed to retain adequate documentation for reimbursed expenses paid by the Local. The date, amount, and business purpose of every expense must be recorded on at least one union record. With respect to documentation retained in support of specific disbursements, the record retention requirement includes not only the retention of the original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods and services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt.

I am not requiring that Local 15-286 file an amended LM-3 report for 2005 to correct the deficient items, but as agreed, Local 15-286 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to Musicians Local 15-286 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.

Mr. Bernard Sanchez
January 29, 2007
Page 3 of 3

Sincerely,

[REDACTED]

Investigator

cc: Charles McDaniel, Secretary-Treasurer