

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 30, 2008

Mr. Jeffrey Apana, Secretary-Treasurer
Musicians AFL-CIO
Local 655
5861 S.W. 21st Street
Hollywood, FL 33023

Re: Case Number: [REDACTED]

Dear Mr. Apana:

This office has recently completed an audit of Musicians Local 655 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 June 27, 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.

The CAP disclosed the following violations:

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 655's 2007 records revealed the following recordkeeping violations:

Officer and Employee Expenses: General Expenses

Local 655 did not retain adequate documentation for general expenses incurred by union officers and employees. For example, several checks were paid to Office Depot; however, the accompanying receipts did not support that office supply expenses were used for union purposes.

Union records must include written explanations of the union business conducted and the full names and titles of all persons who incur office supply charges or other general expenses. Also, the records retained must identify the names of the vendors where the officers or employees incurred office supply expenses. These steps are necessary in order to verify that purchased items are being used for union business rather than personal use.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Musicians Local 655 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above recordkeeping 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 655 for fiscal year ending December 31, 2007 was deficient in the following area:

Disbursements to Officers

Local 655 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 655 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).

Local 655 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 18, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

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 655 amended its

constitution and bylaws in 2003, but did not file a copy with its LM report for that year.

Local 655 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Musicians Local Union 655 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: Dan Satterwhite, President