

U.S. Department of Labor
Regional Office

Employment Standards Administration
Office of Labor Management Standards
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Cincinnati, OH 45202



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December 12, 2005

Mr. Harlan Collins, Jr., President
SEIU Local 5
11406 State Highway 986
Olive Hill, KY 41164

RE: 2

Dear Mr. Collins:

This office has recently completed an audit of SEIU Local 5 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 Financial Secretary Dianna Bryant and Business Agent Richard Kratzenburg on November 10, 2005, 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 numerous violations of LMRDA Section 503. Union officers failed to record monthly union receipts received from 4 via dues checkoff for the audit year. The union failed to record several disbursements made by check and debit card in its log of union disbursements. The union failed to record the purpose of several lost time wage payments on lost time vouchers submitted to the union for reimbursement. The union failed to retain several lost time vouchers supporting lost time payments to officers. The union also failed to maintain a number of vendor receipts documenting the purpose of union disbursements. As agreed, if Local 5 maintains adequate documentation for its receipts and disbursements in the future, no enforcement action will be taken regarding this violation.

The audit disclosed a violation of LMRDA Section 502 which requires that union officers and employees be bonded for no less than 10% of total funds handled during the preceding fiscal year. Local 5 was not bonded at the 10% level. As Local 5 has now obtained adequate bonding coverage, no further action is warranted.

This CAP was initiated based upon the local's history of filing delinquent LM-31 Labor Organization Annual Reports with the Department of Labor. Our records show that your local was delinquent in filing its 2000, 2001, 2002, 2003, and 2004 reports. You agreed to take better care in meeting the filing deadlines required under the LMRDA. Accordingly, no further action is required regarding this violation of LMRDA Section 20114.

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Finally, the audit disclosed a violation of LMIRDA Section 201 in that the local's annual LM-3 report for the fiscal year ending December 31, 2004 failed to report accurately the beginning balance of union funds held in the bank, total union receipts and disbursements, and the proper amount of lost time payments for several union officers. Since Local 5 has submitted an amended report for the 2004 fiscal year, no further action is necessary.

I hope I was able to assist your local with some of the suggestions I made during the exit interview. I want to extend my personal appreciation for your officers' cooperation and courtesy during this compliance audit. If I can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC

FCC

Investigator