



February 1, 2011

Mr. Frank Marchiano, President  
SEIU Local 176  
Queens Blvd  
Sunnyside, NY -

Case Number: [REDACTED]  
LM Number: 046-659

Dear Mr. Marchiano:

This office has recently completed an audit of Service Employees International Union (SEIU) Local 176 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 and Treasurer David Nolan on December 9, 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 176's FYE June 2009 records revealed the following recordkeeping violations:

#### Credit Card Expenses

Local 176 did not retain original vendor invoices for credit card expenses incurred by the business agent.

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 Local 176 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. Although Local 176 previously submitted a completed paper copy of their Labor Organization Annual Report (Form LM-2 ) for fiscal year ending June 30, 2009, current regulations require that this report be filed electronically.

On January 22, 2011 Local 176 corrected this issue by electronically filed a Form LM-2 for fiscal year ending June 30, 2009. .

#### Other Violations

The audit disclosed the following other violation(s):

#### 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.

The audit revealed that Local 176's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

1. Medical Reimbursement Policy

As I discussed during the exit interview with Marchiano and Nolan, the audit revealed that Local 176 does not have a clear policy regarding the types or amounts of expenses personnel may claim for medical reimbursement as part of the benefits 176 provided to its full time employee. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Duplicate Receipts

Members of Local 176 pay dues directly to the union. The Secretary-Treasurer records dues payments in the union's receipts journal, but he does not issue receipts to dues payers. OLMS recommends that Local 176 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to SEIU Local 176 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