



September 20, 2010

Mr. Timothy Healy, President  
SEIU Local 7  
111 W. Washington St., Suite 1360  
Chicago, IL 60602

Case Number: [REDACTED]  
LM Number: 011469

Dear Mr. Healy:

This office has recently completed an audit of SEIU Local 7 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 September 17, 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 7's 2009 records revealed the following recordkeeping violations:

#### General Union Expenses and Credit Card Expenses

Local 7 did not retain adequate documentation for general union expenses and credit card expenses incurred by union officers totaling at least \$2150.00. For example, a \$168.00 Holiday Inn charge on the union's credit card that was paid on check # [REDACTED] dated August 10, 2009 did not have any supporting bill or receipt. Additionally, a \$1995.00 disbursement for gift cards issued on check # [REDACTED] dated November 25, 2009 lacked supporting documentation including a list of members that may have received the cards.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) 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 7 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### 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.

Local 7's officers and employees are currently bonded for \$145,000.00, but they must be bonded for at least \$227,480.00. Local 7 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 8, 2010.

I want to extend my personal appreciation to SEIU Local 7 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,

[REDACTED]

Investigator