U.S. Department of Labor

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April 24, 2007

Ms. Marilyn Burns, Secretary-Treasurer
SEIU Local 560
31 Bullocks Crossing Road
Grafton, NH 03240-3000

LM File Number: 064-515
Case Number: [redacted]

Dear Ms. Burns:

This office has recently completed an audit of SEIU Local 560 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 Investigator [redacted] and you, Earl Sweet, and Chris Peck on April 19, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping 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 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 560's 2005 records revealed the following recordkeeping violations:

- Union officers and employees failed to maintain adequate documentation for reimbursed expenses, for expenses charged to credit cards, and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses, the purpose of the meal (i.e., "SEIU Statehouse Rally"), and the locations (names of restaurants) where meal expenses were incurred must be recorded.

- The local failed to maintain all voided checks from the audit year. Voided checks are considered a financial record and must be maintained for a minimum of five years.

- Local 560 failed to maintain a general ledger that was an accurate representation of the union's bank accounts. Due to numerous bookkeeping errors throughout the audit year (mixing accounts, not recording checks in the ledger, failing to account for voided checks in the ledger, and erroneously adding receipts and disbursements to the ledger that were not in the bank statement or vice versa) the union's general ledger and running balance is not an accurate portrayal of the union's accounts.

Furthermore, the local officers should note that per Section 206 of the LMRDA, the officers must maintain a record of meeting minutes for all executive board meetings.

As agreed, provided that Local 560 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations. However, it should be noted that the proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 560's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to $10,000 or imprisonment for not more than one year, or both.

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 560 for fiscal year ending December 31, 2005, was deficient in the following areas:

- The names of some officers and the total amounts of payments to them or on their behalf were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union. In addition to the four primary officers, the trustees, sergeant-at-arms, executive board members, and chief steward should be reported in Item 24.

- Local 560 failed to include all reimbursements to officers in Item 24(E) (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Item 48 (Office & Administrative Expense) and Item 54 (Other Disbursements).

  All direct disbursements to Local 560 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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 560 has been erroneously reporting $25,902 in Item 27 (U.S. Treasury Securities) for the past several years. The local does not possess a U.S. treasury bond and, therefore, should report $0 in Item 27. All monies from checking accounts, savings accounts, and CD's should be reported in Item 25 (Cash).

- The local failed to report miscellaneous receipts of $652 in Item 43 (Other Receipts). Any union income that does not fall under the receipt categories provided in Items 38 through 42 should be reported in Item 43 (Other Receipts).

Local 560 must file an amended Form LM-3 for fiscal years ending December 31, 2005 and December 31, 2006, to correct the deficient items discussed above. You can obtain blank LM-3 reporting forms and instructions on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 23, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

As discussed during the exit interview, the audit revealed that Local 560 does not have a clear policy regarding when union officers and members may claim lost wages for union business. Reimbursement for lost wages is an important matter that should be recorded in union records. The local officers were advised to adopt clear written guidelines as to when union members may be reimbursed for lost time (i.e., during vacation days). If written guidelines are adopted in the near future, I would appreciate it if you would forward a copy to this office.

I want to extend my personal appreciation to SEIU Local 560 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,

Mark Letizi
District Director

cc: Mr. Earl Sweet, President

Mr. Chris Peck, Vice President