



November 4, 2022

Mr. Cortaz Paige, President
Musicians, AFL-CIO
Local 625

Case Number: 320-6023361()
LM Number: 040-262

Dear Mr. Paige:

This office has recently completed an audit of Musicians Local 625 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, Secretary-Treasurer Mark Kieme, Vice President Betsy Beckerman, and Executive Board Member Pamela Meisel on October 31, 2022, 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 625's 2020 and 2021 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 625 did not retain adequate documentation for disbursements it made to Office Max, Krogers, and you totaling at least \$650. For example, adequate supporting documentation was not retained for three debit card charges totaling \$150.38 the union made to Office Max and Kroger for office expenses. In support of these expenses, Local 625 only retained bank statements, which is not sufficient. As another example, no supporting documentation was retained for a \$500 reimbursement to you for storage space and parking you leased to the union. In support of this expense, Local 625 only recorded the payment in its general ledger, which is not sufficient.

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.

2. Failure to Adequately Record Receipts

The audit revealed that Local 625 did not record in its receipts records the source(s) of dues receipts totaling \$459.06. On October 5, 2021, a \$459.06 PayPal transfer was made to Local 625's checking account; however, Local 625 failed to maintain records identifying the payee(s) of the dues included in this payment. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Lack of Salary Authorizations

Local 625 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. Local 625's bylaws are silent regarding the authorized amounts for officer salaries. However, Article II, Sections 2(j), 4(r), and 5(i) of Local 625's bylaws state that the president, secretary-treasurer (S/T), and executive board member salaries shall be approved by the membership at the membership meeting held each December, or at the first subsequent meeting at which a quorum is met. At the opening interview, Mr. Kieme stated that he believes the current officer salary amounts were authorized before the current executive board took office and that no record of the approval was retained in the union's records. Authorization for the current officer salaries could not be identified in Local 625's minutes going back to 2017 or any other union records. Local 625 also failed to maintain any records that document the authorization of an hourly "office manager" wage it pays Mr. Kieme in addition to his monthly officer's salary. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or the individual in the union with the authority to establish salaries.

4. Office Manager Wages

Local 625 did not retain adequate documentation for hourly “office manager” wages paid to Mr. Kieme totaling at least \$3,799 during 2020 and 2021. The union must maintain records in support of office manager wage claims that identify each date office hours and/or travel time were incurred, the number of hours incurred on each date, the applicable rate of pay, and a description of the specific union business being conducted. The audit found that Mr. Kieme’s claims for office manager hours were typically documented on electronic expense vouchers that are maintained and reviewed only by Mr. Kieme. The total amount of office manager hours incurred by date and the total amount of hours incurred by month were generally identified on the vouchers. However, many of the vouchers lacked an adequate business purpose (e.g., “payments/filing,” “mail, filing, bank,” or “paperwork,” etc.). In addition, the dates/hours recorded on some of the vouchers are estimates of potential future hours incurred, rather than hours already incurred when the vouchers were submitted. For example, on January 1, 2020 Mr. Kieme was paid for 16 hours of office manager hours he claimed to have incurred between January 2 and January 24, 2020. At the exit interview, Mr. Kieme stated that he allotted himself a set number of office manager hours at the beginning of the month, rather than keeping track of the hours as they were incurred.

Based on your assurance that Local 625 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. The Labor Organization Annual Report (Form LM-3) filed by Local 625 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Disbursements to Officers

Local 625 did not include disbursements to you, Mr. Kieme, Ms. Beckerman, and Executive Board Member Scott Woolweaver totaling at least \$1,176 in the amounts reported Item 24, Column D (Gross Salary). Local 625’s disbursements records indicate that you, Mr. Kieme, Ms. Beckerman, and Mr. Woolweaver received gross salary of \$14,172; however, the total amount reported in Column D of Item 24 for you, Mr. Kieme, Ms. Beckerman, and Mr. Woolweaver was \$12,996. During the opening interview, OLMS was advised that the union considers payments made to executive board officers that attend executive board meetings to be per diem expenses and reported those amounts in Item 24, Column E (Allowances and Other Disbursements), rather than in Column D.

In addition, Local 625 did not include reimbursements it made to you and Ms. Beckerman totaling at least \$192 in the amounts reported in Item 24, Column E. Local 625’s disbursements records indicate that you and Ms. Beckerman received reimbursed expenses

totaling \$1,303; however, the total amount reported in Column E of Item 24 for you and Ms. Beckerman was \$1,111. In addition to the error noted in the previous paragraph regarding Local 625 reporting meeting attendance payments made to its executive board members in Column E, it appears the local erroneously reported reimbursed expenses and some salary disbursements it made to the officers noted above in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

Local 625 must report in Column D of Item 24 gross salaries (before tax withholdings and other payroll deductions) of union officers, including disbursements for lost wages. Local 625 must report in Column E of Item 24 direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column E of Item 24 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. 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.

2. 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 625 amended its constitution and bylaws in 2015 but did not file a copy with its LM report for that year.

As agreed, Local 625 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than November 7, 2022 using the Electronic Filing System (EFS) constitution and bylaws submission process. The EFS help page contains a PowerPoint presentation that assists unions with this process.

I am not requiring that Local 625 file an amended LM report for 2021 to correct the deficient items, but Local 625 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Use of Signature Stamp

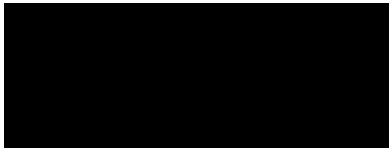
During the opening interview, Mr. Kieme advised he uses a rubber stamp to apply your signature on some union checks and that he is typically the only officer who reviews the checks before they are issued.

Article II, Section 2(d) of Local 625's bylaws requires that checks be signed by the president and secretary-treasurer. The two-signature requirement is an effective internal control of union funds. The purpose of the first signature is to attest to the authenticity of a completed document. The purpose of the second signature requirement is to attest to the authenticity of a

completed document that is already signed. However, the use of a signature stamp for one of the signers does not attest to the authenticity of the completed check and negates the purpose of the two-signature requirement. OLMS recommends that Local 625 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Musicians Local 625 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: Mr. Mark Kieme, Secretary-Treasurer
Ms. Betsy Beckerman, Vice President
Ms. Pamela Meisel, Executive Board Member