

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New York District Office
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July 28, 2009

Ms. Odette Machado, President
Health Employees Alliance Rights & Trades (HEART)
Local 707
576 Central Avenue, Suite 304
East Orange, New Jersey 07018

LM File Number 543-900
Case Number: [REDACTED]

Dear Ms. Machado:

This office has recently completed an audit of Local 707 HEART 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 Felix Lopez, Colin West, Thomas Rubertone, and yourself on July 14, 2009, 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 adequate records be maintained for at least 5 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 707 HEART's 2006 to 2007 records revealed the following recordkeeping violations: The union did not maintain adequate records regarding receipts by officers to the union and/ or payments by the officers on behalf of the union to pay its operational expenses during fiscal years 2006 and 2007.

Other Violations

The CAP 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 handled by those individuals or their predecessors during the preceding fiscal year. The union's current bonding coverage is deficient. Local 707 HEART's officers and employees must be bonded for at least \$10,000.

Local 707 HEART should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than August 31, 2009.

I want to extend my personal appreciation to Local 707 HEART 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,

Ms. Odette Machado
July 28, 2009
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Investigator

cc: Felix Lopez - Secretary Treasurer