

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
2300 Main Street, Suite 1000
Kansas City, MO 64108
(816) 502-0290 Fax: (816) 502-0288



February 12, 2010

Mr. Richard Albrecht, Secretary-Treasurer
Musicians AFL-CIO
Local 34-627
11 East Gregory Blvd., Suite 300
Kansas City, MO 64114

LM File Number 007-585
Case Number: [REDACTED]

Dear Mr. Albrecht:

This office has recently completed an audit of Musicians Local 34-627 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 February 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.

The CAP disclosed the following violations:

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 34-627's 2009 records revealed the following recordkeeping violation:

Failure to Record Transactions

The local did not keep a book record of its money market and CD accounts. As explained above, all financial transactions of the local must be recorded. Union receipt and disbursement records must show the dates of receipt and disbursement of funds including interest payments. The dates, amounts, and union purpose of the transactions are required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money.

Based on your assurance that Local 34-627 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 34-627 for fiscal year ending February 28, 2009 was deficient in the following areas:

1. Disbursements to Officers

Local 34-627 did not include some reimbursements to officers totaling at least \$300 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 34-627 officers and some indirect disbursements made on behalf of its officers 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

3. Working Dues

The figure entered in Item 40 was not accurate due to a miscalculation by the local of working dues.

4. 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 34-627 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Mr. Richard Albrecht
February 12, 2010
Page 4 of 4

Local 34-627 has now filed a copy of its constitution and bylaws.

We discussed during the course of the audit that an amended report would be required to be filed. At our exit interview, you gave me an amended copy of your Form LM-3 report for fiscal year ending February 28, 2009.

I want to extend my personal appreciation to Musicians Local 34-627 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: Don Warner, President