



November 5, 2014

Mr. Peter Lindblom, Secretary Treasurer  
Musicians, AFL-CIO  
Local Union 134  
609 Fenton Building  
Jamestown, NY 14701

Case Number: 110-6002763 [REDACTED]  
LM Number: 044-530

Dear Mr. Lindblom:

This office has recently completed an audit of Musicians Local 134 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 President James Gumina, Administrative Secretary [REDACTED] and you on October 16, 2014, 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 134's 2013 records revealed the following recordkeeping violations:

1. Disbursements by Check

Local 134 did not retain adequate documentation for payments made by check during the period. For example, no supporting documentation was retained for banquet expenses incurred at Celeron Legion for \$766. Furthermore, there was no clear payee or adequate documentation for \$190.25 payable to "Berry."

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. General Reimbursed and Credit Card Expenses

Local 134 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$1,660. For example, no receipts were retained for charges incurred using the union's credit card at the Riviera Hotel and Casino in Las Vegas totaling \$453.92 or at the Holiday Inn in Springfield, CT totaling 268.56.

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.

3. Meal Expenses

Local 134 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$67. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 134 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, no names were recorded for a meal at the Village Casino totaling \$89 or a business explanation for the meal. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

4. Receipt Dates not Recorded

Entries in Local 134's check stubs reflect the date the union deposited money, but not the date money was received. Further, the union official duplicate receipts represent another

date, many times not the date the funds were actually received. Union receipts records must show the date of receipt, in addition to the date of deposit. The date of receipt is 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. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 134 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 Musician's Local 134 for the fiscal year ended December 31, 2013, was deficient in the following areas:

#### 1. Disbursements to Officers (LM-3)

Local 134 did not include some reimbursements to officers totaling at least \$364 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses). In addition, Local 134 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 134 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. Professional Fees

The union improperly reported the amount paid in professional fees in Item 49 (Professional Fees). Local 134 reported \$1,100 in professional fees during the period. The

OLMS audit found that there were no payments disbursed for outside legal and other professional services during the year.

3. Benefit Payments

The union improperly reported the amount paid in benefits in Item 50 (Benefits). Local 134 reported \$4,008 in benefit premiums paid out during the period; however the OLMS audit found that there were at least \$5,102 in premiums for life insurance disbursed during the year.

4. Total Receipts and Disbursements

It appears that the union did not report the total receipts and total disbursements in Item 44 (Total Receipts) and Item 55 (Total Disbursements) according to Local 134's books, therefore affecting the union's ending balance in Item 25 (Cash) 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. Failing to report the total receipts received or the total disbursements as represented in the union's records will result in incorrect cash figures.

I am not requiring that Local 134 file an amended LM report for 2013 to correct the deficient items, but Local 134 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

1. Expense Policy

As I discussed during the exit interview with President James Gumina and you, the audit revealed that Local 134 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters. These guidelines may be outlined in the bylaws and revisited at executive board and membership meetings as necessary.

I want to extend my personal appreciation to Musician's Local 134 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]

Supervisory Investigator

cc: Mr. James Gumina, President

[REDACTED]