

**U.S. Department of Labor**

Office of Labor-Management Standards  
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VIA ELECTRONIC MAIL

March 20, 2020

Mr. Anthony Scally Jr., President  
Musicians (AFM) Local Union 16-248  
77 Prospect Street  
Paterson, NJ 07505  
[REDACTED]

Case Number: 130-6014932 [REDACTED]  
LM File Number: 011-717

Dear Mr. Scally:

This office has recently completed an audit of AFM Local 16-248 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 yourself on March 17, 2020, 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 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.

Reporting Issues

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 16-248 for the fiscal year ended December 31, 2018, was deficient in that the fidelity bond amount reported in Item 20 was "\$0." During the audit, Local 16-248 confirmed that the union is covered by a blanket bond, obtained by the AFM parent union, in the amount of \$45,000.

Local 16-248 must file an amended Form LM-3 for the fiscal year ended December 31, 2018, to correct the deficient item discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (<https://www.dol.gov/olms/regs/compliance/efs/efsintro.htm>).

The amended Form LM-3 should be submitted electronically as soon as possible, but not later than March 27, 2020. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Internal Financial Controls

As I discussed with you during the exit interview, the audit revealed that Local 16-248 has one signatory on its union bank accounts. OLMS recommends that all checks drawn on the union's bank account have a second signature; and ensure that the cosigner fully understands that his/her fiduciary responsibilities require that the checks be signed only after they are completely filled out and the cosigner knows the purpose and legitimacy of each transaction.

[https://www.dol.gov/olms/regs/compliance/catips/internal\\_2019.pdf](https://www.dol.gov/olms/regs/compliance/catips/internal_2019.pdf)

I want to extend my personal appreciation to Local 16-248 officers 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator