

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Newark Resident Investigator Office
Room 204
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April 18, 2008

Ms. Rosa Reyes-Maldonado, Treasurer
Mr. Rahman Muhammed, President
Local 617
Service Employees International Union
51 Central Avenue
Newark, New Jersey 07102

Re: Case No. [REDACTED]

Dear Ms. Reyes-Maldonado and Mr. Muhammed:

This office has recently completed an audit of SEIU Local 617 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 March 27, 2008, 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 deficiencies in the form LM-2 filed for year ended December 31, 2006:

1. Item 42 – Rents – is understated by \$1,550, making Item 49 – TOTAL RECEIPTS – understated by that same amount.
2. Schedule 6 – FIXED ASSETS – reports zero value for the local union's financial interest in the land and building situated at the corner of Central Avenue and Washington Street in downtown Newark. Although it is conceivable that the two-story masonry structure was fully depreciated without any remaining value, *the land can not be depreciated and should be reported at the lower of cost or net realisable fair market value.*
3. Schedule 6, line 5 reports that Local 617 owns automobiles costing \$119,727 with remaining book value of \$14,126 – without any remaining market value. In fact, Local 617 did not have title to any of the vehicles in year 2006. All titles are in the names of current and former officers. Still on the books as of December 31, 2006 is a 2001 Cadillac costing \$70,160 - per dealer contract. Local 617 made the last payment to GMAC on that vehicle in February 2006. It was never owned by the local union, but was always owned by former president [REDACTED] as part of a retirement settlement executed on January

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16, 2001 between [REDACTED] and the SEIU Local 617 Executive Board. From the date of purchase that vehicle has been erroneously reported as an asset of the union.

ARTICLE XV – PROPERTY RIGHTS of the SEIU Local 617 Constitution and Bylaws (dated June, 2000) states: “The title to all property, funds and other assets of this Local Union shall at all times be vested in the Local Executive Board for the joint use of the membership of this Local Union, but no member shall have any severable property right, title, or interest therein.

Membership in this organization shall not vest any member with any right, title, or interest in or to the funds, property, or other assets of this Local Union, now owned and possessed or that may hereafter be acquired, and each member hereby expressly waives any rights, title or interest in or to the property of this Local Union, including the funds of this Local Union.”

Title II of the LMRDA requires that records be maintained for five years for receipts and expenditures. Failure to maintain such records is violative of Section 206 of the Act:

Schedule 19 – UNION ADMINISTRATION – reports that [REDACTED] was paid \$27,000 for consulting services. No documentation was available to substantiate what services were rendered by him to Local 617. None was ever submitted or requested by the incumbent officers.

An amended, signed, revised LM-2 for year ended December 31, 2006 should be submitted to this agency at the above address no later than May 15, 2008. Evidence of transfer of vehicle titles back to the ownership of Local 617 shall also be provided by that time. I want to extend my personal appreciation for your and your entire staff’s cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

[REDACTED]
Senior Investigator

