

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Puerto Rico Resident Investigative Office
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July 31, 2009

Mr. Edwin Erazo, President
Los Gladiadores Inc.
PO Box 19419
San Juan, PR. 00919

LM File number 512-622
Case Number: [REDACTED]

Dear Mr. Erazo:

This office has recently completed an audit of Los Gladiadores Inc. 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 July 27, 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 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 the Gladiadores Inc. 2008 records revealed the following recordkeeping violations:

1. Previous Year Records

Previous union officers failed to maintain all Title II Section 206 required records. As mentioned above, the required documents have to be kept for a minimum of five years. All original bills, invoices, receipts, vouchers, and bank documents were not maintained for the previous years. During the exit interview, I requested that the union officer try to find and organize the required documents, and request that the previous officer provide any required document not found in the files.

2. Lost Wages

The Gladiadores did not retain adequate documentation for lost wage reimbursement payments to union members. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that the Gladiadores union did not retain any documents identifying the union business conducted, or the employer records showing the lost time and pay rate.

During the exit interview, I provided a sample of an expense voucher the Gladiadores may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that the Gladiadores union 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(a), which requires that a union submit a copy of its constitution and bylaws to the Secretary of Labor. The Gladiadores union has not filed a copy of its bylaws.

As agreed, the Gladiadores union will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than August 31, 2009.

Other Issues

1. Donations and Loans

As I discussed during the exit interview, the audit revealed that the Gladiadores union does not have a clear policy regarding the documentation that should be maintained regarding donations and loans. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Updated Minutes regarding Officer Salaries and Use of Union Vehicle

During the audit, I advised you that authorization for the salary and representation expenses amounts paid to union officers, as well as the proper use of the union's vehicle are not updated in union records. I recommend that the Gladiadores document the authorized salary amounts, and authorized use of the union's vehicle in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting).

I want to extend my personal appreciation to 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