

**U.S. Department of Labor**

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July 1, 2009

Mr. Michael Bradt, Financial Secretary  
Musicians, AFL-CIO  
Local 256  
708 37<sup>th</sup> Street S  
Birmingham. Al 35222

LM File Number: 005-977

Case Number: [REDACTED]

Dear Mr. Bradt:

This office has recently completed an audit of Local 256 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 and Executive Board member Ramona Merritt on June 26, 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 Local 256's 2008 records revealed the following recordkeeping violations:

1. Fixed Assets

Local 256 did not have a fixed asset list or inventory sheet that could be located for the audit year or any previous year. The union had fixed assets, including, but not limited to: computers, printers, fax machine, office furniture, and a telecommunications system. The proper maintenance of union records is the responsibility of the president and treasurer (or corresponding principal officers) of your union who are required to sign your union's LM report.

2. General Disbursements

Local 256 did not retain adequate documentation for general disbursements from the union's funds. For example, Check Number 3071, dated 3-6-08, in the amount of \$3000.00, payable to Douglas C. Adair for Legal service/retainer fee did not have an invoice or bill. Check Number 2159, dated 10-6-08, in the amount of \$500.00, payable to Columbus Symphony for a donation did not have an invoice, receipt or membership minute documentation.

As previously 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. Failure to Maintain Bank Records

The union did not maintain deposit records/slips for their general checking account located at Wachovia Bank. Union receipts records must include an adequate identification of all money the union receives. The records should

show the date and amount received, and the source of the money. The proper maintenance of union records is the responsibility of the president and treasurer (or corresponding principal officers) of your union who are required to sign your union's LM report.

Based on your assurance that Local 256 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 violations of LMRDA Section 201(a), 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 256 for fiscal year ending December 31, 2008, was deficient in the following areas:

#### Failure to File By Laws

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 256 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. As agreed, Local 256 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than July 15, 2009.

I am not requiring that Local 256 file an amended LM report for 2008 to correct the deficient item, but Local 256 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 256 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

Mr Michael Bradt  
July 1, 2009  
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cc: President David Pandolfi