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**U.S. Department of  
Labor**

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October 19, 2011

Ms. Alvidia Ortiz  
President  
Operating Engineers  
Hoboken University Medical Center (HUMC)  
186 Bergen Avenue  
Jersey City, NJ 07305

Re: Case No. [REDACTED]

Dear Ms. Ortiz:

This office has recently completed an audit of the Operating Engineers, Hoboken University Medical Center 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, as Amended (LMRDA). As discussed during the exit interview with you and Vice President Diane Oceolo on September 29, 2011, the following problems were discussed 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 the following violations:

### **Record Keeping Violations**

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of the HUMC's 2010 records revealed the following recordkeeping violations:

The union failed to maintain dues receipts and canceled checks that are generated when the union makes deposits and expenditures.

#### Conclusion/Record Keeping Violations

As agreed, provided that HUMC maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file HUMC's LM report. You should be aware that under the provisions of Section 209 (a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209 (c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can also result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209 (c) and Section 3571 of Title 18 apply to any person, not just the individuals who are responsible for filing the union's LM report.

#### Reporting Violations

The CAP disclosed a violation of LMRDA Section 201 (b), which requires labor organizations to file annual financial reports accurately disclosing their financial conditions and operations. The Labor Organization Annual Financial Report (Form LM-3) filed by HUMC for fiscal year ending June 30, 2010, was deficient in that the total amount of receipts and disbursements as well as the amount listed under Cash at the beginning and end of the fiscal period were incorrectly listed.

#### Conclusion/Resolution of Reporting Problems

The HUMC must file an amended Form LM-3 for fiscal year ending June 30, 2010, to correct the deficient items discussed above. I provided you with a blank form and instructions, and discussed with you the availability of the reporting forms and instructions on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 28, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Violations

The CAP disclosed the following other violation(s):

#### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. The HUMC's officers and employees are currently bonded for \$2,500, but they must be bonded for at least \$6,327.

I want to extend my personal appreciation for you 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,



Senior Investigator

Cc: Raymond Heineman, Esq  
Diane Grady, JNESO Labor Representative