

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Pittsburgh District Office  
801 Federal Building  
1000 Liberty Avenue  
Pittsburgh, PA 15222  
(412) 395-6925 / FAX: (412) 395-5409



September 27, 2006

Kevin Dylewski, Treasurer  
SEIU, NCFO Local 22  
1701 State Street  
Erie, PA 16501

Re: Case No. [REDACTED]

Dear Mr. Dylewski:

This office has recently completed an audit of your union under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA). As discussed during the exit interview with you on September 20, 2006, 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 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 LM-3 filed by Local 22 for fiscal year ending 12/31/05, was deficient in the following areas:

- Some reimbursements to officers and employees for lost time and expenses were not included in Item 24 (All Officers and Disbursements to Officers) and Item 46 (Cash Disbursements to Employees).
- All disbursements for "outside" legal and other professional services (accounting, consulting, arbitration, etc) should be reported in Item 49 (Professional Fees).
- Health insurance premiums paid by Local 22 on behalf of [REDACTED] should be reported in Item 50 (Benefits).
- Finally, in Item 56 (Additional Information) Local 22 failed to identify the purpose of the subsidiary organization, and indicate whether the information concerning its financial condition and operations is included in the LM-3 report, or in a separate report.

Local 22 must file an amended Form LM-3 for fiscal year ending 12/31/05, 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 10/4/06. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

The CAP 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 constitution or bylaw changes are made. A copy of Local 22's constitution and bylaws has now been filed.

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. Local 22's officers and employees are currently bonded for \$17,500, but they must be bonded for at least \$19,585. Adequate bonding coverage was obtained and documentation provided during the audit. No further enforcement action will be taken.

The audit revealed a violation of LMRDA Section 401(b), which requires local labor organizations to elect its officers not less often than once every three years by secret ballot among members in good standing. Two of Local 22's trustees, which are executive board members, are elected every four and six years. Since Local 22 agreed to hold elections for these positions at least every three years, no further enforcement action will be taken.

I advised you that authorization for the salary amounts paid to union officers could not be found in union records. I recommend that Local 22 document the authorized salary amounts 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).

During the audit, you advised that [REDACTED] signs blank checks for Local 22W in advance. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 22 review these procedures to improve internal control of union funds.

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]  
Investigator

cc: President Matt Husted  
Vice President Jim Longley