

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Washington, D.C. 20210



June 27, 2006

Ms. Linda Mays
President
American Guild of Musical Artists, AAAA, AFL-CIO
1430 Broadway
New York, NY 10018

Dear Ms. Mays:

On June 7, 2006, the staff of the International Compliance Audit Program (I-CAP), Office of Labor-Management Standards (OLMS), discussed with representatives of the American Guild of Musical Artists, AFL-CIO (AGMA or IU) progress in resolving deficiencies identified in the compliance audit that OLMS conducted last year. The audit and this follow-up review were conducted pursuant to the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA). This meeting was conducted with Ms. Gerry Angel, Director of Operations. The purpose of the meeting was to review the amended Form LM-2 submitted by the IU for Fiscal Year (FY) 2004 and the Form LM-2 for FY 2005 along with the IU's letter of January 19, 2006 which describes the actions it has taken in response to the findings of the audit. As a result of this review, we determined the amended FY 2004 Form LM-2 and the FY 2005 Form LM-2 corrected the deficiencies earlier identified. The deficiencies identified during the initial audit, which were conveyed to the union in an audit closing letter dated December 21, 2005, are summarized below, along with an assessment of the IU's progress to correct these deficiencies. Neither the audit, nor the subsequent follow-up review, purport to be an exhaustive list of all possible problem areas since the compliance audit was limited in scope. The numbered items below correspond to the numbered items in the audit closing letter.

Reporting Deficiencies - LMRDA Section 201

1. The IU had not timely filed its Form LM-2 with OLMS for the past three fiscal years. The IU submitted their Form LM-2 on time for FY 2005. The Form LM-2 was electronically transmitted to OLMS on March 30, 2006.

2. The IU listed in the amended report for the audit period, FY 2004, as additional information, the amount for gross accounts receivable and the amount for the allowance for doubtful accounts. By completing this remedial action, the IU supported the net accounts receivable in Statement A of the amended report and corrected the deficiency identified in the I-CAP closing letter. In the FY 2005 Form LM-2, the IU accurately presented as additional information in Item 69 the gross accounts receivable and allowance for doubtful accounts that supports net accounts receivable in Statement A.
3. The IU was advised in the I-CAP closing letter that only dues paying members should be listed on the Form LM-2. During the course of the follow-up audit, the I-CAP team reviewed the minutes of the AGMA's Board of Governors meetings that have occurred since the original audit, and interviewed AGMA's Membership Director. Based on this review and interview, the I-CAP team concluded that the IU is committed to accurately reflecting only dues paying members on the Form LM-2. The IU also provided supporting documentation to the I-CAP team to substantiate the membership number provided on the FY 2005 Form LM-2.
4. The IU correctly amended their Form LM-2 for the audit period to reclassify a loan as an account receivable, moving it from Schedule 1 to Item 26, Accounts Receivable, of Statement A, and included an explanation as additional information. During the follow-up, the IU accurately reflected accounts receivable and there were no loans receivable.

Bonding Deficiencies-LMRDA Section 502

5. AGMA's fidelity bond had included a deductible, although the LMRDA does not allow a deductible. The IU contacted an insurance carrier and secured a non-deductible policy. This policy was reviewed by the I-CAP team during the on site follow-up and the policy is in compliance with the LMRDA.

Internal Financial Controls

6. During the audit, the I-CAP team determined that the IU had not followed internal policies for disbursement transactions, circumventing its internal policy that required two original signatures on disbursement transactions over \$3,000. Following the audit, AGMA instituted an internal policy to require two original signatures on all checks. A copy of the new internal policy for approving disbursements was provided to the I-CAP team.

If we can be of further assistance in the future, please do not hesitate to contact us. Thank you again for the cooperation and courtesy extended by you and your staff during this compliance audit.

Sincerely,



Kim R. Marzewski, Chief
Division of International Union Audits