

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New York District Office
201 Varick Street
Room 878
New York, NY 10014
(646)264-3190 Fax: (646)264-3191



January 25, 2006

Mr. William Davis, President
Government Employees
Local 1119
P.O. Box 243
Montrose, NY 10548-0243

Re: Case Number: [REDACTED]

Dear Mr. Davis:

This office has recently completed an audit of AFGE Local 1119 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 Anne Massie and yourself on October 30, 2006, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 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.

The audit of Local 1119's 2004 records revealed the following record keeping violations:

Adequate documentation was not retained for some purchases including: a \$631 stay at the Washington Court Hotel by Richard Paredes for which no invoice was maintained; purchase of a computer from Dell (one of two) for \$1,300 for which no invoice was maintained; a \$150 check to William Davis for "petty cash" for which no record of petty cash was maintained; a \$1,098 hotel invoice was not maintained from the stay of Mr. Doug Brown and Mr. William Davis in Puerto Rico for an AFGE conference; no record was maintained for \$1,500 for Mr. William Davis to attend training at the Federal Employment Law Training Group.

Local 1119 failed to maintain a complete set of bank records for all its accounts.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1119's LM report. Under Section 7120 of Title 5 of the U.S. Code (and Title 29 of the code of federal regulations, Section 458.3), unions subject to the Civil Service Reform Act of 1978 (CSRA) are also subject to the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code. Under those sections, 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.

As agreed, provided that Local 1119 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

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 (Form LM-3) filed by Local 1119 for fiscal year ending December 31, 2004, was deficient in that the report was based upon the incomplete records maintained by AFGE 1119 and therefore contained incorrect financial information.

Local 1119 has filed an amended Form LM-3 for fiscal year ending December 31, 2004, to correct the deficient items discussed above, prior to the conclusion of this CAP.

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I want to extend my personal appreciation to AFGE Local 1119 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,

A thick black horizontal bar redacting the signature of the sender.

Supervisory Investigator