U.S. Department of Labor

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July 20, 2011

Mr. Brian Meyer, Treasurer
Security Police and Fire Professionals, Ind., Local 265
P.O. Box 632251
Littleton, CO 80163-2251

Case Number: ███████
LM Number: 065120

Dear Mr. Meyer:

This office has recently completed an audit of Security Police and Fire Professionals, Local 265 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 President Fernando Elizalde on July 19, 2011, 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.

<u>Recordkeeping Violations</u>

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 265's 2011 records revealed the following recordkeeping violations:

1.   General Reimbursed and Credit Card Expenses

        Local 265 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by ███████ totaling at least $837. For example, the union paid ███ $837 to attend the International SPFPA Convention in Las Vegas, but no supporting documentation was found in records for ███'s travel expenses.

As 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.

2.   Failure to Record Receipts

Local 265 did not record in its receipts records an employer dues check off check for $40 during the audit period, and at least $6,099 in dues receipts during fiscal years 2008 and 2009. Local 265 made duplicate entries in its receipts records totaling $4,110 during 2008. The union also entered a "miscellaneous balance adjustment" entry in records for a receipt totaling $1,349 during the audit period. 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.

3.   Information not Recorded in Meeting Minutes

Local 265 has never held membership meetings. Therefore, members have never approved union expenses or been provided with monthly financial reports or meeting minutes. Article XXVII, Section 5 of the International SPFPA Constitution and By-Laws dated May 10, 2010 requires the local union treasurer to provide members with a written report of all monies received and paid out during the prior calendar month, and report in the minutes, any disbursement authorizations made at membership or executive board meetings.

The union has agreed to maintain adequate records, to record all receipts on the date that funds are received, and to conduct regular membership meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 265'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 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 who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Reporting Violation

The audit 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 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. The Labor Organization Annual Report (Form LM-3) filed by Local 265 for the fiscal year ended March 31, 2011, was deficient in that Local 265 amended its constitution and bylaws in 2002, but did not file a copy with its LM report for that year.

Local 265 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Security Police and Fire Professionals, Local 265 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

cc: Mr. Fernando Elizalde, President