

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
San Francisco District Office
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San Francisco, CA 94103
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July 16, 2009

Mr. John Jimenez, Treasurer
AFGE Local 3172
P.O. Box 1250
Pacifica, CA 94044-6250

LM File Number: 503-280
Case Number: [REDACTED]

Dear Mr. Jimenez:

This office has recently completed an audit of AFGE Local 3172 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 on July 10, 2009, 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.

Other Violations

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers and employees of Local 3172 are currently bonded for \$20,000; however, they must be bonded for at least \$24,000.

The audit revealed that Local 3172's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

During the audit, you advised that President Sylvia Norman signs blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The

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two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 3172 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to AFGE Local 3172 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 solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: President Sylvia Norman