

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
1240 East Ninth Street
Room 831
Cleveland, OH 44199
(216)357-5455 Fax: (216)357-5425



March 20, 2008

Mr. Greg Shafer, Secretary-Treasurer
Government Employees AFGE AGL-CIO
Local 3970
518 Ginder Rd.
Lancaster, OH 43130

LM File Number 518-154
Case Number: [REDACTED]

Dear Mr. Shafer:

This office has recently completed an audit of AFGE Local 3970 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 yourself on March 13, 2008, 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.

Reporting 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 3970 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Payments to Employees

For the purposes of the LMRDA, stewards are considered employees and not officers, in most cases. Local 3970 reported payments to stewards under "All Officers and Disbursements to Officers" (items 24 and 45), instead of under "To Employees" (item 46).

2. Cash Reconciliation

Additionally, the amounts reported in "Total Receipts" (item 44) and "Total Disbursements" (item 55) did not accurately reflect the actual amounts incurred in FY 2006, causing a \$29,772 cash reconciliation error.

Local 3790 must submit an amended 2006 LM-3 correcting the above mentioned errors.

3. Failure to File Bylaws

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. Local 3970 amended its constitution and bylaws in 2006, but a copy was not filed with its LM report for that year.

A copy of Local 3790's bylaws has now been filed.

Other Violations

The CAP disclosed the following other violation:

Inadequate Bonding

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 3970's officers and employees are currently bonded for \$7,500, but they must be bonded for at least \$12,500.

Local 3790 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than April 15, 2008.

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I want to extend my personal appreciation to AFGE Local 3970 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: Jeff Tanner, President