



July 18, 2016

Mr. Tracey Flye, President
State, County & Municipal Empls, Local 1923
30114 Dutch Road
Ontonogan, MI 49953

Case Number: 320-6005970
LM Number: 506295

Dear Mr. Flye:

This office has recently completed an audit of State, County & Municipal Employees (AFSCME) Local 1923 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 Treasurer Sally Kemppainen and you on March 16, 2016, 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 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 Labor Organization Annual Report (Form LM-4) filed by Local 1923 for the fiscal year ended (FYE) February 28, 2015 was deficient in the following areas:

1. Failure to File

The audit disclosed a violation of the LMRDA, which requires the president and treasurer, or corresponding principal officers, of each labor organization to file an annual financial report accurately disclosing the union's financial conditions and operations. Local 1923 failed to file its annual financial reports for FYE February 28, 2011 – 2015 with OLMS by the due date required by Section 201(b) of the LMRDA. Section 201(b) requires that annual financial reports be filed within 90 days after the end of the labor organization's fiscal year. Local 1923's fiscal year ends on February 28, and it must file its annual financial report by May 29 of each year (or by May 28 in a leap year). Local 1923 annual financial report for FYE February 28, 2016 was received on March 31, 2016.

2. Total Assets, Total Receipts, Total Disbursements, and Total Payments to Officers

The audit revealed that Local 1923 did not properly and accurately report the total value of its assets in Item 14 (Assets), total receipts in Item 16 (Receipts), total disbursements in Item 17 (Disbursements), and total payments to officers in Item 18 (Payments to Officers and Employees).

The union must report the total value of all the labor organization's assets at the end of the reporting period in Item 14. This includes, for example, cash on hand and in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization. The total amount of all receipts received by the union during the reporting period must be reported in Item 16. This amount should include, for example, dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the union. The union should also include payments in lieu of dues received from any non-member employees as a condition of employment under a union security provision in a collective bargaining agreement. In addition, the union must report the total amount of all disbursements it made during the reporting period in Item 17. The amount should include, for example, net payments to officers and employees, per capita tax and any other fees or assessments which the union paid to any other labor organization, payments for administrative expenses, loans made by the union, and taxes paid. The union must also report the total amount of all payments to officers and employees made by it during the reporting period in Item 18. The amount should include, for example, gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official business of the union as well as disbursements which were essentially for the personal benefit of the officer or employee.

I am not requiring Local 1923 file an amended LM report for 2015 to correct the deficient items, but Local 1923 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to AFSCME Local 1923 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,



Senior Investigator