

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Dallas District Office  
525 Griffin Street  
Room 300  
Dallas, TX 75202  
(972)850-2500 Fax: (972)850-2501



September 20, 2006

Mr. Michael Hester, President  
AFGE  
Local 1006  
3252 Desert Storm Road  
Box L  
Fort Worth, Texas 76127

Re: Case Number: XXXXXXXXXX

Dear Mr. Hester:

This office has recently completed an audit of AFGE Local 1006 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 Michael Hester, Linda Vaughn on September 18, 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.

The CAP disclosed the following violations:

Recordkeeping Violations

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.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 1006's 2005 records revealed the following recordkeeping violations:

Union officers and employees failed to maintain adequate documentation for reimbursed expenses, for expenses charged to union debit cards. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

Union officers and employees failed to record the date and/or purpose of per diem and annual leaves claims. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all annual leave.

I strongly urge Local 1006 to adopt clear guidelines regarding the purpose and authorize users of the unions debit card. Our office is readily available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt.

As agreed, provided that Local 1006 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

### 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 1006 for fiscal year ending December 31, 2005, was deficient in the following areas:

Local 1006 failed to include some reimbursements to officers in Item 24. Such payments appear to have been erroneously reported in item 48 Office and Administrative Expense.

All direct disbursements to Local 1006 officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

#### LM-3 Item 46 (Employees)

Local 1006 failed to include some reimbursements to employees in Item 46. Such payments appear to have been erroneously reported in item 48 Office and Administrative Expense.

All direct disbursements to Local 1006 employees must be reported in Item 24. Local 1006 should include individuals other than officers who received annual leave payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them.

#### LM-3 Item 51 (Contributions, Gifts, and Grants)

Local 1006 failed to include disbursements for charity, contributions, and health and welfare. Such payments appear to have been erroneously reported in item 48 Office and Administrative Expense.

Local 1006 must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above. I discussed with you the availability of the reporting forms and instructions on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 3, 2005. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Mr. Michael Hester  
September 20, 2006  
Page 4 of 4

I want to extend my personal appreciation to AFGE Local 1006 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 line used to redact the signature of the investigator.

Investigator