

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
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January 31, 2007

Ms. Carolyn McElvaine, Treasurer  
AFGE Local 104  
9700 Page  
Room 2515  
Overland, MO 63132-1547

Re: Case Number [REDACTED]

Dear Ms. McElvaine:

This office has recently completed an audit of AFGE Local 104 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 January 19, 2007, 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 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 AFGE Local 104 for fiscal year ending December 31, 2005 was deficient in the following areas:

- Item 24 - All Officers and Disbursements - The names of some officers were not reported in Item 24. All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union.
- Item 25 (a)(b) - Beginning and Ending Cash were not accurate.
- Item 38 - Dues Receipts total did not appear accurate. Lunch & Learn refunds from AFGE National should not be included in Dues Receipts, but rather in Item 44 - Other Receipts.

I am not requiring that AFGE Local 104 file an amended LM report for 2005 to correct the deficient items, but as agreed, AFGE Local 104 will properly report the deficient items on all future reports file with this agency.

The CAP disclosed a violation of LMRDA Section 206, which requires, among other things, that adequate records be maintained for least 5 years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. The audit of AFGE Local 104 records revealed the following recordkeeping violations:

- Minutes for membership and executive board meetings were not retained. These records are required to be maintained for at least 5 years for verification of authorized expenditures.
- No receipts for the individual member payer who does not pay dues by automatic deduction.
- No Receipts/Disbursements Ledger for clarification of receipts/disbursements.
- Stubs for dues checks received from AFGE National were not retained for the entire audit year period.
- Back-up documentation was not maintained for all disbursements during the audit year period. In total, 16 disbursements did not have accurate or sufficient back-up documentation.

As agreed, provided that AFGE Local 104 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

Finally, the CAP revealed a violation of LMRDA Section 502, 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. AFGE Local 104 officers and employees are currently bonded for \$5,000, but they must be bonded for at least \$9,691.

Please obtain sufficient bonding coverage and forward documentation of the increased bonding coverage to my attention.

Ms. Carolyn McElvaine  
January 31, 2007  
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I want to extend my personal appreciation to you 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 black rectangular redaction box covering the signature of the investigator.

Investigator