

U.S. Department of Labor

Office of Labor-Management Standards
New York District Office
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April 27, 2010

Mr. Mark Caramatti, Executive Vice President
Government Employees (AFGE) AFL-CIO
Local 3740
31 Route 218
West Point, NY 10996

Re: Case Number: [REDACTED]

Dear Mr. Caramatti:

This office has recently completed an audit of AFGE Local 3740 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 Jack Wynne and yourself on April 26, 2010, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation 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 union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 3740's 2008 records revealed the following recordkeeping violations:

Local 3740 failed to maintain meeting minutes, which would show authorization policies or disbursements approved by the membership. Union records are used to verify, explain or clarify, or check the accuracy or completeness of reports required to be filed with the Secretary of Labor

Based on your assurance that Local 3740 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement.

The Labor Organization Annual Report (Form LM-3) filed by Local 3740 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Local 3740 improperly included the value of two (2) certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. The figures for beginning assets, Items 25(A) - 30(A), reported on the 2008 LM-3 report are different from the figures reported for the end of the preceding fiscal year, Items 25(B) - 30(B).

Local 3740 must file an amended Form LM-3 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (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 May 10, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to AFGC Local 3740 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: Jack Wynne, President