



April 29, 2013

Mr. Paul J. Coleman, President  
State County & Muni Empls AFL-CIO Local 3124  
17 Lansing Street  
Auburn, NY 13021

Case Number: 120-09246 [REDACTED]  
LM Number: 514009

Dear Mr. Coleman:

This office completed an audit of State County & Municipal Employees, (AFSCME) Local 3124 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 2, 2013, the following problems were discussed with you 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 LM-3 filed by AFSCME Local 3124 for the fiscal year ended December 31, 2011, was deficient in the following areas:

##### 1. Disbursements to Officers

Local 3124 did not include some reimbursements to officers totaling at least \$3,206 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 3124 officers and some indirect disbursements made on behalf of its officers 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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

2. Reported Assets

Local 3124 incorrectly reported cash (Item 25) at the start of the reporting and cash at the end of the reporting period. The LM-3 instructions for Item 25 require the local to report all cash on hand, including funds in checking accounts, savings accounts, certificates of deposit, and money market accounts.

3. Cash Disbursements for Professional Fees

Local 3124 did not include in the amount reported in Item 49 (Professional Fees) disbursements for professional services. The LM-3 instructions for Item 49 require the local to report disbursements for the expenses of entities providing professional services, such as auditing, economic research, computer consulting, and arbitration.

4. Bonding coverage

Local 3124 failed to enter the amount of the fidelity bond covering the local during the reporting period. The audit did reveal payments for bonding premiums.

OLMS will not require Local 3124 to file an amended LM-3 report for 2011 to correct the deficient items. A review of the report filed for 2012 appear to contain similar errors. Local 3124 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violations:

1. Bonding Coverage

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 those individuals or their predecessors handled during the preceding fiscal year.

Local 3124 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than May 20, 2013.

2. Failure to File

Section 201(b) of the LMRDA requires that every labor organization file annually with the Secretary a financial report signed by its president and treasurer or corresponding

principal officers disclosing its financial condition and operations for its preceding year within 90 days of the completion of their fiscal year. Local 3124 did not file its Annual Report, Form LM-3, for fiscal year ending December 31, 2011 on until March 6, 2013.

Local 3124 did file its LM-3 for the fiscal year ending December 31, 2012 timely. That report was filed on March 29, 2013

I want to extend my personal appreciation to Local 3124 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: James Vozga, Vice President  
Lorraine Schott, Treasurer