



September 22, 2010

Donald Keasler, Financial Secretary-Treasurer
Security, Police and Fire Professionals of America Local 263
505 McMurtry Drive
Arlington, TX 76002

Case Number: [REDACTED]
LM Number: 066-280

Dear Donald Keasler:

This office has recently completed an audit of Local 263 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 September 2, 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.

Recordkeeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five 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, labor organizations must maintain 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 263's 2010 records revealed the following recordkeeping violation:

Officer and Employee Expenses: Meals

Local 263's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a receipt was provided for a meal expense that took place on November 4, 2009 for \$111.00 and reimbursed to you (Donald Keasler). The receipt does not specify if this was a general membership or executive board meeting nor does it list the individuals who attended the meal. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 263 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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-3) filed by Local 263 for the fiscal year ended March 31, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 263 did not include some reimbursements including meals, door prizes and office supplies to officers totaling at least \$626.60 in Item 24 E (All Officers and Disbursements to Officers, Allowances and Other Disbursements) on the LM Report. It appears the union erroneously reported these payments in Item 24 D (All Officers and Disbursements to Officers, Gross Salary). Additionally, inaccurate totals were recorded for Officer's salaries in Item 24 D (All Officers and Disbursements to Officers, Gross Salary).

The union must report most direct disbursements to Local 263 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 Expense).

2. Interest

Local 263 mistakenly failed to record the total annual interest earned during the audit year for Local 263's Savings account and the Certificate of Deposit account.

3. Bonding

Local 263 mistakenly reported \$100,000 in bond coverage in Item 20 instead of the correct amount, which is \$50,000, according to the latest bond certificate provided.

Local 263 must file an amended Form LM-3 for the fiscal year ended March 31, 2010, 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 September 30, 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 Security, Police and Fire Professionals of America Local 263 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: President David Hightower