

**U.S. Department of Labor**

Office of Labor-Management Standards  
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May 22, 2023

Andre Cunningham, President  
AFGE LU 1117  
3773 Cherry Creek N. Drive  
Denver, CO 80209

Case Number: 510-6025384( )  
LM Number: 544984

Dear Andre Cunningham:

This office has recently completed an audit of AFGE LU 1117 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you and Treasurer Debbie Osborne on December 1, 2022, 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.

Record Keeping Violations

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 organizations 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 1117's 2021 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 1117 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by Andre Cunningham, Debbie Osborne, Rachel Caban, [REDACTED], and Tiffany Roman totaling at least \$3,333.37. For example, Local 1117 failed to retain the receipt for a charge at Pro Image Sports for \$179.42 on August 9, 2021.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 1117 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$205.74. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1117 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, Local 1117 retained receipts for \$347.40 incurred at Santiago's Mexican Restaurant, but those receipts did not include a written explanation of the union business conducted or the names and titles of the individuals incurring the meal expense. 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.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized the purchase of \$50 gift cards for each member, not to exceed \$25,500 total (including fees) at the November 20, 2021, membership meeting. Article 5, §3 of Local 1117's constitution and bylaws require that disbursements exceeding \$500 a month be authorized by the membership. However, the minutes of the meeting do not document the vote by membership to approve this expenditure. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1117's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one

year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

### Reporting Violations

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 1117 for the fiscal year ended December 31, 2021, was deficient in that:

#### 1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gift cards to Target, Grubhub, and Dazbog, as well as two Ring doorbells, totaling approximately \$1000 during the audit year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

#### 2. Receipts Reporting

Local 1117 appears to have erroneously reported \$34,413.17 that they recovered on behalf of Local 2430 after the merger of Local 2430 and Local 1117 under Item 38 "Dues," when it should have been reported under Item 43 "Other Receipts."

#### 3. Disbursements to Officers (LM-3)

Local 1117 did not include some reimbursements to officers totaling at least \$345 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local 1117 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).

I am not requiring that Local 1117 file an amended LM report for 2021 to correct the deficient items, but Local 1117 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

##### 1. Signing Blank Checks

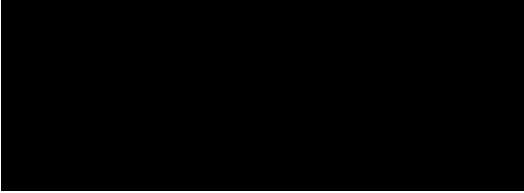
During the audit, you advised OLMS that you sign blank checks. Local 1117 requires that all checks be signed by the president and treasurer. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two-signature requirement. OLMS recommends that Local 1117 review these procedures to improve internal control of union funds.

##### 2. Expense Policy

The audit revealed that Local 1117 does not have a clear policy regarding meal purchases. OLMS found that Local 1117 President Andre Cunningham made meal purchases, totaling at least \$557.84, that other executive board officers were unaware of and did not believe to be allowable. For example, on August 7, 2021, Andre Cunningham purchased a meal at Panera Bread for \$17.23. Cunningham told OLMS that he was working late and bought dinner for himself on the union's debit card. OLMS recommends that union adopt written guidelines concerning such matters.

I want to extend my personal appreciation to AFGE LU 1117 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