



May 17, 2023

Mr. Bruce Appel, President  
AFGE LU 2201  
1100 N. College  
Fayetteville, AR 72701

Case Number: 420-6025909( )  
LM Number: 501972

Dear Mr. Appel:

This office has recently completed an audit of American Federation of Government Employees Local (AFGE LU) 2201 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, Treasurer Mary Appel, 1<sup>st</sup> Vice President Daniel Scott, 2nd Vice President Glen Schmitt, and Steward Becky Taylor on May 3, 2023, 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 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 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 AFGE LU 2201's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

AFGE LU 2201 did not retain adequate documentation for reimbursed expenses and travel disbursements incurred by President Daniel Scott and 2<sup>nd</sup> Vice President Tiffany Paoli totaling at least \$2,958.55.

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. Lack of In Town Mileage Authorization

AFGE LU 2201 failed to have authorization to pay in town travel mileage totaling \$9,218.59 to Vice President Donald Chaffin, 2<sup>nd</sup> Vice President Tiffany Paoli, Treasurer Jenifer Kruse, and Chief Steward Becky Taylor. In town mileage was paid to officers and stewards to commute between home and the union office to conduct union business when the union was forced out of the union office at the federal building. The union has discontinued the practice paying in town mileage. The union was informed in town travel is not an authorized expense and should not have been paid.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file AFGE LU 2201'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 violations of this requirement.

1. Failure to File Bylaws

The Labor Organization Annual Report Form LM-3 filed by AFGE LU 2201 for the fiscal year ended December 31, 2021, was deficient in that the local failed to file the constitution and bylaws.

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. AFGE LU 2201 amended its constitution and bylaws but did not file the required copies with its LM report for that year.

AFGE LU 2201 has now filed a copy of its constitution and bylaws.

## 2. Delinquent Report

AFGE LU 2201 failed to submit the LM-3 Report for fiscal year ended December 31, 2022 by the due date.

Pursuant to 29 CFR 458.3, the president and treasurer or corresponding principal officers of each labor organization are required to file an annual financial report with the Office of Labor-Management Standards (OLMS) within 90 days after the end of its fiscal year. Further, the law does not provide for any extension of time for filing LM Reports.

AFGE LU 2201 must file a Form LM-3 for the fiscal year ended December 31, 2022. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The Form LM-3 must be filed no later than May 31, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

### Other Violations

The audit disclosed the following other violations:

#### 1. Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers, and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that AFGE LU 2201's officers and employees were not bonded for the minimum amount required at the time of the audit. However, AFGE LU 2201 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

#### 2. Salary Overpayment

AFGE LU 2201 paid President Daniel Scott a total of 26 checks totaling \$20,800.00. He was paid \$800.00 biweekly. The approved budget was \$1,600.00 per month. He was overpaid two checks totaling \$1,600.00. The union will no longer pay biweekly.

I want to extend my personal appreciation to AFGE LU 2201 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: Mr. Daniel Scott, 1st Vice President  
Mr. Glen Schmitt, 2<sup>nd</sup> Vice President  
Mrs. Mary Appel, Treasurer  
Mr. Jared Hollis, Sergeant at Arms  
Ms. Becky Taylor, Chief Steward