



September 30, 2016

Mr. Jason M. Rusovick, President
Government Employees AFGE
AFL-CIO Local Union 709
9595 West Quincy Avenue
Littleton, CO 80123-1159

Case Number: 510-6007444
LM Number: 502138

Dear Mr. Rusovick:

This office has recently completed an audit of Government Employees AFGE AFL-CIO Local Union 709 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, Vice President Chris Janssen, and Recording Secretary Doug Kurtz on September 22, 2016, 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 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 709's 2015 records revealed the following recordkeeping violations:

1. Financial Statements

Local 709 did not retain adequate documentation for receipts and disbursements in that it did not maintain the following financial statements.

- a. Financial statements for the combined general fund savings and checking account for January and February 2015 were not maintained.
- b. Financial statements for the combined dental fund savings and checking account for the fiscal year 2015 were not maintained.
- c. Financial statements for the combined portal to portal savings and checking account for the fiscal year 2015 were not maintained.

2. General Reimbursed and Credit Card Expenses

Local 709 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and stewards totaling at least \$4,189.40. The following are examples.

- a. Missing receipts for Todd Bull's travel expenses of \$163.96 paid by [REDACTED] dated 01/06/15 issued to Bull.
- b. Missing receipts for Todd Bull for food during lockdown and shipping reimbursement expenses of \$25.71 paid by [REDACTED] dated 03/11/15 issued to Bull.
- c. Missing receipts for individual charges listed on the local's VISA Credit Card statement dated 04/24/15; specifically Big Daddy (pizza) on 04/14/15 for \$49.58, and T-Mobile on 04/22/15 for \$134.83.
- d. Missing "Travel Advance Request" for Marti Donaire for \$271.07 for travel 06/08/15 – 06/12/15 to North Central Regional Caucus, Minneapolis, MN.
- e. Missing receipts for individual charges listed on the local's VISA Credit Card statement dated 06/24/15 for charges totaling \$2,086.04; specifically, supershuttle executamps on 06/08/15 for \$204.80; T-Mobile recurring pmt on 06/10/15 for \$30.00, and three separate charges for Doubletree Bloomington, Minneapolis, MN on 06/12/15 for \$617.08 each.
- f. Missing documentation for [REDACTED] dated 07/15/15 for \$50 for CPL 33 National Convention. Officers said that Bull attended the CPL 33 Convention and the registration fee was \$50.

- g. Missing receipts for individual charges listed on the local's VISA Credit Card statement dated 07/26/15; specifically, four separate charges for Buena Vista Palace Hotel, Lake Buena Vista, FL on 07/07/15 for \$122.63 each, LRP Publications on 07/15/15 for \$686, and two USPS charges one on 07/15/15 for \$5.75 and one on 07/16/15 for \$19.99.
- h. Missing receipts for individual charges listed on the local's VISA Credit Card statement dated 08/25/15; specifically, two charges at Target both on 08/09/15 for \$70.42 and \$79.42, Buena Vista Hotel receipt from 08/11/15 – 08/15/15 for \$490.52, Mears Transportation on 08/11/15 for \$36.00, and Southwest Purchase on 08/20/15 for \$12.50.
- i. Missing VISA Credit Card statement with estimated date of 09/25/15 and receipts for individual charges listed on QuickBooks Credit Card Printout. The charges follow: "Flower M" dated 08/31/15 for \$153.71, two at "King Soopers" dated 09/08/15 for \$50.69 and 09/09/15 for \$10.73, "Big Daddy" dated 09/08/15 for \$67.90, "Safeway" dated 09/08/15 for \$15.12, "Firehouse" dated 09/10/15 for \$76.32, "T-Mobile" dated 09/10/15 for \$30.00, "Wholefids" dated 09/10/15 for \$9.02, two at "King Soop" dated 09/10/15 for \$14.53 and 09/11/15 for \$16.91, "Buffalo V" dated 09/09/15 for \$96.90, and Interest dated 09/24/15 for \$12.17.
- j. Missing receipts for individual charges listed on the local's VISA Credit Card statement dated 10/25/15; specifically, Fire House Subs on 09/28/15 for \$19.41, Wal-Mart on 10/01/15 for \$40.01, two charges for FMCS on 10/02/15 for \$30.00 each, and USPS on 10/19/15 for \$120.00.

3. Benefits

Local 709 did not maintain adequate documentation for its dental account. The local did not maintain documents that showed the sources of the dental premiums, the date the premiums were received, the amount received, and disbursement of dental premium payments.

4. Failure to Record Receipts

Local 709 did not record in its receipt records four AFGE National Union electronic funds transfer for dues checks for at least \$4,166.89. The local was missing the "Income Receipt" sheet for AFGE National Union EFT deposits made on 06/29/15 for \$966.78, 07/27/15 for \$1,068.51, 12/14/15 for \$1,139.84, and 12/24/15 for \$991.76. Also, the local did not record interest earned on some of its accounts. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

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.

Based on your assurance that Local 709 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 709 for the fiscal year ended December 31, 2015, was deficient in the following area.

1. Disbursements to Officers

Local 709 did not include one reimbursement to Treasurer Amanda Vargas for at least \$271 for meals and mileage as listed on the local's "Travel Advance Request" form in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 Other Disbursements.

The union must report most direct disbursements to Local 709 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. Professional Fees

Local 709 appears to have omitted some disbursements for legal and other professional services such as professional arbitrators, and court recording services in Item 49 (Professional Fees). The local entered \$3,540 in Item 49 when just the checks issued to Minahan and Muther, P.C. for legal services totaled \$3,898. The remaining combined disbursements for legal services, professional arbitrators, and court recording services appear to not have been reported in Item 49.

3. Failure to File 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. Local 709 amended its constitution and bylaws in November 2013, but did not file the required copies with its LM report for that year. Local 709 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 709 file an amended LM report for 2015 to correct the deficient items, but Local 709 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Government Employees AFGE AFL-CIO Local 709 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. Christopher D. Janssen, Vice President
Mr. Doug Kurtz, Recording Secretary