

U.S. Department of Labor

Office of Labor-Management Standards
San Francisco-Seattle District Office
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April 24, 2017

Case Number: 530-6009390 [REDACTED]
LM Number: 517214

Association Employees Union
Ms. Patty Truskolaski, Treasurer
2530 Berryessa Road, PMB 811
San Jose, CA 95132

Dear Ms. Truskolaski:

This office has recently completed an audit of Association Union Employees 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 February 6, 2017, 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.

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 AEU for the fiscal year ended December 31, 2015, was deficient in the following areas:

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 raffled prizes totaling more than \$600 during the 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. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. AEU amended various articles of its constitution and bylaws since 2004, but did not file a copy with its LM report for that year.

As agreed, AEU will file any changes to its constitution and bylaws with OLMS as soon as possible and with each LM-3 due no later than March 31st of each year.

3. Failure to Report Refund in Other Receipts

AEU received a refund of over \$200 from a member in November 2015 who was refunding expenses reimbursed to him, but did not report the refund in "Other Receipts." AEU will report all receipts in the correct category in the future.

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

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

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.

AEU officers and employees are currently bonded for \$50,000, but they are self-insured for \$1,000 because of a deductible. AEU 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 31, 2017.

I want to extend my personal appreciation to Association Union Employees 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,



Senior Investigator