

U.S. Department of Labor

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March 29, 2018

Mr. Antwone Jennings, Former President
United Security Specialists Of America
Local 200
2209 N.W. 119 Terrace
Oklahoma City, OK 73120

Case Number: 420-6012019 [REDACTED]
LM Number: 544867

Dear Mr. Jennings:

This office has recently completed an audit of United Security Specialists Of America (USSA) Local 200 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 and Attorney George McCaffrey on March 15, 2018, 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 USSA Local 200's 2016 records revealed the following recordkeeping violation:

Failure to Maintain Receipts for Disbursements

Local 200 Former President Antwone Jennings revealed that Local 200 did not have a bank account held in its name to receive Local 200's union dues. Union dues collected by Loomis Armored were mailed directly to the union's Attorney George McCaffrey of McCaffrey and Associates, PLLC. Jennings did not have any knowledge of how the union's funds were disbursed or about receipts maintained.

McCaffrey confirmed that he had been receiving Local 200's union dues since the union was formed in 2011. McCaffrey confirmed that Local 200 did not have a bank account held in their name and that McCaffrey had always deposited Local 200's union dues into his business account at Bank of Oklahoma. McCaffrey indicated that Local 200's only disbursements were for legal fees owed to McCaffrey.

On January 9, 2018, McCaffrey provided OLMS two binders for periods 2011 through 2017. Binder one contained a continuous ledger of descriptive annotations of legal services provided to Local 200 by McCaffrey or his former office secretary. Binder two was segregated by tabs one through nine. Binder two contained a summary of union dues received, hourly rate, and a continuous tabulation of the number of hours charged and amounts charged by McCaffrey per year. The notable difference between binders one and two is the word invoice and fiscal year printed on the top right hand portion of the first page for each fiscal year in binder two. Neither binder contained original receipts, bills or vouchers.

McCaffrey acknowledged that he did not maintain invoices for legal services he provided to Local 200 over the years. McCaffrey believed he may have issued only one invoice to Local 200 during the entire period of their existence.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 200'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

1. Failure to File Annual Reports

The audit disclosed that Local 200 violated Section 201(b) of the LMRDA which requires every labor organization file annually with the Secretary a financial report signed by its president and treasurer or corresponding principal officers, when it failed to file its annual report for fiscal year ended December 31, 2016.

Mr. Antwone Jennings
March 29, 2018
Page 3 of 4

In as much as you have electronically filed an annual report for fiscal year ended December 31, 2016 and a terminal report for September 30, 2017, OLMS will take no further action at this time regarding the above violation.

2. Failure to File Bylaws

The audit disclosed that Local 200 violated Section 201(a) of the LMRDA, which requires every labor organization to adopt a constitution and bylaws and file a copy thereof with the Secretary, together with a report, signed by its president and secretary or corresponding principal officers, when it failed adopt a constitution and bylaws and file a copy with the Secretary.

In as much as Local 200 terminated in September 2017, OLMS will take no further action at this time regarding the above violation.

Other Violation

Bond Coverage

The audit revealed that Local 200 violated Section 502(a) of the LMRDA, which requires that every 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, when it failed to secure bond coverage from a surety company on the U.S. Treasury Department Approval List.

In as much as Local 200 terminated in September 2017, OLMS will take no further action at this time regarding the above violation.

Other Issue

Potential Conflict of Interest

OLMS previously notified McCaffrey of the potential conflict of interest that may arise while serving as a union officer (in some capacity), representing a local union, and receiving union members' dues on behalf of the local represented. In addition, while serving as the Local 200's attorney, McCaffrey received and deposited Local 200's union dues into his business account.

Based on McCaffrey's assurance to OLMS that he is no longer serving as a union officer in any capacity with any labor organization, and not receiving and depositing union dues of labor organizations, he may have represented, into his business account, OLMS will take no further action at this time regarding this issue.

I want to extend my personal appreciation to United Security Specialists of America, Local 200 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 kept

Mr. Antwone Jennings
March 29, 2018
Page 4 of 4

for future reference. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]
Investigator