



September 30, 2020

Ms. Linda Rubino, President
AFGE Local 2143
150 South Huntington Ave.
Building 9 Room 312
Jamaica Plain, MA 02130

Case Number: 110-6017276 [REDACTED]
LM Number: 502702

Dear Ms. Rubino:

This office has recently completed an audit of AFGE Local 2143 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 Secretary-Treasurer Michelle Howard on September 24, 2020, 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

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 Local 2143's 2018 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 2143 did not retain adequate documentation for reimbursed expenses by union officers incurred through per diem checks totaling at least \$1,050. For example, no voucher was maintained for per diem check issued to former Vice President Henderson Butler totaling \$700. Also, Local 2143 did not retain an invoice or expense voucher supporting a \$350 reimbursement check issued to former Secretary-Treasurer, Alfredo Rodriguez for his extended time in Orlando, Florida coverage due to an emergency room visit.

Local 2143 also failed to retain adequate documentation for debit card charges totaling at least \$1,161. For example, there were no invoices for the debit card purchases of four Paris Las Vegas hotel reservations totaling \$798.20 and no receipt for a \$50 purchase at the Bella Scarpa Shoe store in Las Vegas.

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 2143 did not require officers and/or employees to submit itemized receipts for meal expenses, charged to the union's debit card, totaling at least \$408. For example, there was no receipt, itemized or otherwise, for \$159.59 charged to El Centro Restaurant in Arlington, VA. Additionally, there were also no receipts for charges at the Ideal Café for \$159 or at Margaritaville Las Vegas for \$90.33.

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.

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. Failure to Record Receipts

Local 2143 did not record in its receipts records some employer dues checkoff checks and some receipts for interest earned totaling at least \$7,936. For example, the union failed to record the date and receipt amounts collected through local refund checks totaling \$7,758.15. The union also failed maintain a receipt record identifying interest fees totaling \$178.54.

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.

4. Lack of Salary Authorization

Local 2143 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 2143 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 2143'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 2143 for the fiscal year ended December 31, 2018, was deficient in the following areas:

1. Disbursements to Officers

Local 2143 did not report the names of officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 2143 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. Failure to Properly Report Receipts and Disbursements

The audit found the union failed to properly report its receipts and disbursements during the period. For example, the figure reported as the union's total receipts was \$98,400, however the total receipts actually received during the period was only approximately \$49,514. Similarly, the total disbursements for the period did not accurately represent the amounts disbursed during the fiscal year. These totals impact the accuracy of your union's cash reconciliation, as reported in Item 25 (Cash). The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 2143 must file an amended Form LM-3 for the fiscal year ended December 31, 2018, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than October 09, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

Additionally, our records indicate that your union's report for fiscal year ending December 31, 2019 is delinquent. Local 2143 must file their delinquent form LM-3 for fiscal year December 31, 2019 as soon as possible, but no later than October 16, 2020.

Other Issue

Signature on Checks

During the audit it was found that former Secretary-Treasurer Alfredo Rodriguez was the sole signature on checks. Rodriguez prepared and signed all checks issued from the union's account without a co-signature. Article 5, Section 2 of Local 2143's bylaws requires that 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. OLMS recommends that Local 2143 review these procedures to improve internal control of union funds and to comply with AFGE's governing documents.

I want to extend my personal appreciation to AFGE Local 2143 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