



December 22, 2020

Ms. Lexie Potter, President
AFGE Local 571

Case Number: 420-6018273
LM Number: 501605

Dear Ms. Potter:

This office has recently completed an audit of AFGE Local 571 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 Treasurer LaQuala George on December 17, 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

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-4 filed by Local 571 for the fiscal year ended June 30, 2019, was deficient in the following areas:

1. 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 571 amended its constitution and bylaws (date unknown), but did not file the required copies with its LM report for that year.

As agreed, Local 571 will file a copy of its current constitution and bylaws with OLMS as soon as possible, but not later than January 4, 2021.

2. Total value of your organization's assets at the end of the reporting period

Local 571 did not accurately report the total value of your organization's assets at the end of the reporting period. Item 14 on the LM-4 Report filed for the audit year reported a total value of \$7,265.00. The audit disclosed the total value of your organization assets at the end of the reporting period was \$7,821.86.

The Form LM-4 instructions indicate the total value of all the labor organization's assets at the end of the reporting period including, for example, cash on hand and in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization should be entered in Item 14.

3. Total receipts of your organization during the reporting period

Local 571 did not accurately report the total receipts of your organization during the reporting period. Item 16 on the LM-4 Report filed for the audit year reported total receipts in the amount of \$9,785. The audit disclosed the total receipts of your organization during the reporting period was \$10,550.65.

The Form LM-4 instructions indicate that if the labor organization's annual receipts were \$10,000 or more, the labor organization is not eligible to file Form LM-4. Form LM-4 is required for labor organization which have total annual receipts of less than \$10,000. Form LM-3 is required for labor organizations with total annual receipts of \$10,000 or more, but less than \$250,000.

4. Total disbursements made by your organization during the reporting period

Local 571 did not accurately report the total disbursements of your organization during the reporting period. No disbursements were reported in Item 17 on the LM-4 Report filed for the audit year. The audit disclosed that your organization had a total of \$9,903.92 in disbursements for per capita tax paid to the AFGE National.

The Form LM-4 instructions indicate the total amount of all disbursements made by the labor organization during the reporting period including, for example, net payments to officers and employees, per capita tax and any other fees or assessments which the labor organization paid to any other organization, payments for administrative expenses, loans made by the labor organization, and taxes paid, should be entered in Item 17.

5. Failure to Include Bond Coverage

Local 571 did not report that your organization was insured by a fidelity bond during the reporting period or the maximum amount recoverable under the bond for loss caused by any person. Item 12 was answered "No" on the LM-4 Report and no bond amount was reported for the audit year. However, during the audit, OLMS was provided with evidence that Local 571 has adequate bonding coverage.

The OLMS Compliance Tip, *Form LM-3 Common Reporting Errors*, which I provided during the exit interview, will provide further guidance on this matter.

Local 571 must file an amended Form LM-3 for the fiscal year ended June 30, 2019, 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 January 4, 2021. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to AFGE Local 571 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: Ms. LaQuala George, Treasurer