

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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October 22, 2007

Mr. Frank Tavaréz, Treasurer
Government Employees AFGE AFL-CIO
Local 2459
3614 Leopard Drive
Texarkana, Texas 75501

LM File Number: 501-476

Case Number: [REDACTED]

Dear Mr. Tavaréz:

This office has recently completed an audit of AFGE Local 2459 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 October 11, 2007, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 2459's 2007 records revealed the following recordkeeping violation:

Local 2459 failed to record some bonus buck rebate checks received from the International Union. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source

As agreed, provided that Local 2459 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violation

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 (Form LM-3) filed by Local 2459 for fiscal year ending March 31, 2007, was deficient in that the amount listed as total dues was inflated. Members of Local 2459 pay their dues via check off. The total dues amount is received by the International Union. The International Union rebates the local a portion of the dues. You listed the total amount received by the International instead of the total amount received to the local on the LM-3 report. The LM-3 report also reflected that the local pays per capita tax to the International. This is incorrect. The International received the per capita directly from the employer. Therefore, the total disbursement amount listed is also inflated.

Local 2459 must file an amended Form LM-3 for fiscal year ending March 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and discussed with you the availability of the reporting forms and instructions on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later

Mr. Frank Tavarez
October 22, 2007
Page 3 of 3

than November 9, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

During the audit, you advised OLMS that Officer Administration Expenses were paid to officers in cash. You made cash withdrawals several times a month from an automatic teller machine and gave cash to officers. OLMS recommends that officer payments are made by check for better record keeping and internal controls.

I want to extend my personal appreciation to AFGE Local 2459 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,

[REDACTED]

Investigator