

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 6, 2009

Joseph Brown, Treasurer
AFGE 2275
PO Box 36133
450 Golden Gate Ave
San Francisco, CA 94102-3407

LM File Number: 501-011

Case Number: [REDACTED]

Dear Mr. Brown:

This office has recently completed an audit of AFGE 2275 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the As discussed during the exit interview with you and President John Garvey on July 2, 2009, 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 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 2275's 2008 records revealed the following recordkeeping violations:

Failure to Retain Dues Check off Listings

Local 2275 did not retain all the dues check off listings for all pay periods during the audit year. The dues check off listings document the date, amount, purpose and source of the funds received by the union.

Based on your assurance that Local 2275 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding this violation.

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 2275 for fiscal year ending June 30, 2008, 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 2275 adopted its current constitution in 1975, but did not file the required copies with its LM report for that year.

Local 2275 has now filed a copy of its constitution and bylaws.

2. Failure to Report Disbursements

The union disbursed \$7,638.00 in the year ending June 30, 2008, but reported zero disbursements on the LM-3. All funds disbursed during the year must be reported on the LM-3. The disbursements made by the union included \$4,427.00 in reimbursements to officers for travel to training sessions. The union must report most direct disbursements to Local 2275 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).

Local 2275 must file an amended Form LM-3 for the fiscal year ending June 30, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available 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 than July 24, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to you and Mr. Garvey 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,



Supervisory Investigator

cc: John Garvey, President

Mr. Joseph Brown
July 6, 2009
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