

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 7, 2009

Mr. John Santry, President
AFGE
Local 1764
P.O. Box 1566
Travis AFB, CA 94535

LM File Number: 501-004

Case Number: [REDACTED]

Dear Mr. Santry:

This office has recently completed an audit of AFGE Local 1764 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 June 15, 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 1764's 2008 records revealed the following recordkeeping violations:

Lack of Salary Authorization

Local 1764 did not maintain records to verify that the salary reported in Item 46 (Employees) of the LM-3 was the authorized amount for your administrative support employee 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 1764 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Other Violations

Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers and employees of Local 1764 are currently bonded for \$30,000; however, the local's contracted bookkeeper, Chris Raycraft, and her employees are not bonded.

Local 1764's current operating procedures have the contracted bookkeeper, Chris Raycraft, and her employees, maintaining the local's checks and making regular dues deposits into the local's bank account. Under these circumstances Chris Raycraft and her employees must also be appropriately bonded within the same statutory requirements as the local.

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You have been notified by this office that the local's current procedures put the local's funds at risk and therefore, should be changed until the bookkeeper and her employees are properly bonded. The union has provided evidence that the bookkeeper is in the process of securing a proper bond. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to AFGE Local 1764 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: Laura Clark, Treasurer