



October 13, 2015

Mr. Michael Sanchez, President
American Federation of Government Employees LU 1216
PO Box 210004
San Francisco, CA 94121

Case Number: 530-6006199()
LM Number: 542134

Dear Mr. Sanchez:

This office has recently completed an audit of American Federation of Government Employees Local 1216 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 American Federation of Government Employees National Representative Yvonne Wheeler, Treasurer Sandra Turner and you on October 6, 2015, 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 LU 1216's 2014 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1216 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by LU 1216 President Michael Sanchez, Former LU 1216 Treasurer [REDACTED], and Former LU 1216 President [REDACTED] totaling at least \$1,210.18. For example, three checks totaling \$650.00 were written to "AFGE Local 1216" and cashed at the bank with no supporting documentation indicating the purpose of the withdrawal or the recipient of the cash. Additionally, there was no supporting documentation for a number of \$15.00 credit card charges to Constant Contact totaling \$135.00, a \$126.40 charge at "Pizza Joint," a \$15.18 charge at Walgreens, and a \$283.60 charge at Intuit. Local 1216 habitually did not document the nature of the union business requiring the disbursement, the good or services received, and the identity of the recipient(s) of the goods or services throughout the audit period. Lastly, credit card statements for March 2014 and December 2014 were missing from Local 1216's records.

2. Failure to Record Receipts

LU 1216 did not record in its receipts records a \$10,000.00 cash deposit on December 17, 2014. Union receipt 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.

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.

Based on your assurance that LU 1216 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 1216 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Disbursements to Officers

LU 1216 did not include some reimbursements to officers totaling at least \$6,726.90 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

LU 1216 did report the names of some 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 LU 1216 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 Expenses).

LU 1216 must file an amended Form LM-3 for the fiscal year ended December 31, 2014, to correct the deficient items discussed above. I encourage LU 1216 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than October 27, 2015 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to American Federation of Government Employees LU 1216 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. Yvonne Wheeler, AFGE National Representative
Ms. Sandra Turner, AFGE LU 1216 Treasurer