

**U.S. Department of Labor**  
Office of Labor-Management Standards  
Washington District Office



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December 28, 2016

Mr. Alvin Keifer, Treasurer  
Armored Personnel Services Union  
1364 Quarles Road  
Thaxton, Virginia 24174

Case Number: 450-600666 [REDACTED]  
LM Number: 516-607

Dear Mr. Keifer:

This office has recently completed an audit of Armored Personnel Services Union 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 President Bill Humphries on November 22, 2016, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five 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, labor organizations must maintain 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 Armored Personnel Services Union 2015 records revealed the following recordkeeping violations:

## 1. General Reimbursed Expenses

Armored Personnel Services Union did not retain adequate documentation for reimbursed expenses incurred by officers. The union records did not include a receipt for a \$40 expense reimbursed to [REDACTED]. The general ledger showed the \$40 was for pizza for a union meeting. The union records also did not have adequate documentation of a union expense on a reimbursement to [REDACTED] in the amount of \$50. Written on the receipt was a comment that the expense was for two \$25 gift cards for [REDACTED]. The receipt lacked the union purpose of the expense. Additionally, some receipts that were included in the union's records did not adequately reflect who incurred the expenses or what the union purpose was.

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.

## 2. Missing Records – Fidelity Investment statement

Armored Personnel Services Union did not maintain all of the union's Fidelity Investment statements during the fiscal year. In addition to the missing statement, the union did not maintain any record of how much was in the investment account. The only union record the union maintained was the statements provided by the investment company. The union did not keep a record of when the transfers from the account were requested or for the amount requested. The union must maintain all the records provided by the employer to satisfy the recordkeeping requirement of LMRDA Section 206.

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

### Reporting Violations

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 LM-4 filed by Armored Personnel Services Union for the fiscal year ended June 30, 2015, was deficient in the following areas:

#### 1. Disbursements to Officers (LM-4)

Armored Personnel Services Union did not include some reimbursements to officers. The union reported \$10,700 in disbursements to officers, but the correct amount was \$10,893.

The union must report most direct disbursements to Armored Personnel Services Union officers and some indirect disbursements made on behalf of its officers. 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. 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 office and administrative expenses.

## 2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Armored Personnel Services Union amended its constitution and bylaws and never filed an updated version of its bylaws. The union has now filed a copy of its amended bylaws.

I am not requiring that Armored Personnel Services Union file an amended LM report for 2015 to correct the deficient items, but Armored Personnel Services Union has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

The audit disclosed the following other issues:

#### 1. One Signature on Checks

During the audit, you advised that you are the only officer to sign union checks. OLMS recommends that the union utilize a two signature requirement as an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed.

During the exit interview, you and Mr. Humphries advised that the union only put one signature on checks because there was only one line for a signature. You also stated that moving forward, you would have two officers sign the union checks.

I want to extend my personal appreciation to Armored Personnel Service Union 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,



Senior Investigator

cc: Mr. Bill Humphries, President