



May 25, 2017

Jennifer Merriwether, Treasurer  
AFGE Local 1200  
[REDACTED]  
Laguna Niguel, CA 92677

Case Number: 520-6009322 [REDACTED]  
LM Number: 526912

Dear Ms. Merriwether:

This office has recently completed an audit of AFGE Local 1200 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 Treasurer Jennifer Merriwether on December 20, 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.

#### Recordkeeping 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 organizations must also retain bank records for all accounts.

The audit of Local 1200's 2014 and 2015 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1200 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant

charges. For example, "lunch and learn" meetings totaling at least \$232.62, held to help recruit members, did not have sufficient documentation to establish when and where the meetings took place. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Lack of Rebate Authorization

Local 1200 did not maintain records to verify that the rebates received by members for recruiting other members was the authorized amount and was correctly reported. The union must keep a record, such as meeting minutes, to show the authorized rebate amounts.

Based on your assurance that Local 1200 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to AFGE Local 1200 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,

A large black rectangular redaction box covering the signature of the District Director.A smaller black rectangular redaction box covering the name of the District Director.

District Director

cc: Michael Harrison, President