



January 23, 2019

Ms. Racquel Belle, Treasurer
AFGE LU 1298
3500 Meadows Dr S
Forrest Hill, TX 76140

Case Number: 420-6014843 [REDACTED]
LM Number: 503482

Dear Ms. Belle:

This office has recently completed an audit of AFGE Local 1298 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 you, President Gregory Watts, Vice President Robert Warner, 2nd Vice President Billy Frantz, Sergeant At Arms Cheri Reibe, and Steward Justin Morris on December 4, 2018, 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 AFGE Local 1298's 2017 records revealed the following recordkeeping violations:

1. Meal Expenses

AFGE Local 1298 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$4,704.34. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Furthermore, AFGE Local 1298 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, a meal expense on April 17, 2017 in the amount of \$2,937.34 to Red Roadhouse did not contain adequate documentation. 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. Recruitment Bonus Bucks

AFGE Local 1298 failed to maintain supporting documents to support all Recruitment Bonus Bucks disbursements. The union maintained SF 1187s for bonus bucks paid after September 19, 2017. It is required that the union maintain all supporting documents for all disbursements made to the recruiter and recruited member.

3. General Reimbursed Expenses and Per Diem

AFGE Local 1298 did not retain adequate documentation for reimbursed expenses and per diem incurred by Racquel Belle, Gregory Watts, Robert Warner, Justin Morris, Michael Keen, and Billy Frantz totaling at least \$11,619.42. For example, the union prepares memos for other disbursements; however, there were no memos or supporting documents to support these payments.

You agreed to adapt a voucher/memo and receipt keeping to properly support all officer reimbursements and per diem payments.

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 AFGE Local 1298 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 AFGE Local 1298 for the fiscal year ended December 31, 2017 was deficient in the following areas:

1. Disbursements to Officers

AFGE Local 1298 did not include some reimbursements and travel expenses to officers totaling at least \$11,619.42 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to AFGE Local 1298 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).

2. Travel Expenses

Travel expenses such as lodging and transportation totaling at least \$12,432.24 paid to Southwest Airlines, Hilton, Doubletree, Hampton Inn, American Airlines, and Bally's Hotel should be reported in Item 48 (Office and Administration Expense.) It appears the union erroneously reported these payment in Item 54 (Other Disbursements).

AFGE Local 1298 has now filed an amended report for fiscal year ending December 31, 2017 to correct the deficiencies previously reported.

Other Issue

The union failed to maintain an updated inventory list to include newly purchased assets such as office equipment. The union has agreed to update the inventory/asset list.

I want to extend my personal appreciation to AFGE LU 1298 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: Mr. Gregory Watts, President
Mr. Robert Warner, Vice President
Mr. Billy Frantz, 2nd Vice President
Ms. Cheri Reibe, Sergeant at Arms
Mr. Justin Morris, Steward