

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 24, 2009

Mr. James Stack, President
AFGE (NBPC)
Local 1929
10935 N. Crenshaw
El Paso, Texas 79935

LM File Number: 501-058
Case Number: [REDACTED]

Dear Mr. Stack:

This office has recently completed an audit of AFGE (NBPC) Local 1929 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, Mark Stone and Dawn Munoz on July 28, 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.

Reporting Violation

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 1929 for fiscal year ending December 31, 2008, was deficient in the following areas:

Disbursements Improperly Reported

Local 1929 had only one part-time officer during the audit year. However, allowances and other disbursements to various officers and employees were incorrectly reported as salary before taxes and other deductions. Disbursements for allowances and other disbursements for officers should be properly reported in Item 24(E) Officers Allowance and Other Disbursements. Local 1929 also incorrectly reported office rental space payments as mortgage payable. Disbursements for renting office space should be properly reported in Item 48 Office and Administrative Expense.

Local 1929 must file an amended Form LM-3 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 31, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violation

The audit disclosed the following other violation:

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 1929 are currently bonded for \$5,000; however, they must be bonded for at least \$24,000.

Local 1929's officers and employees are currently bonded for \$5,000, but they must be bonded for at least \$24,000. Local 1929 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of

bonding coverage to this office as soon as possible, but not later than August 31, 2009.

Other Issue

Signing Blank Checks

During the audit, you advised that you sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1929 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to AFGE (NBPC) Local 1929 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: Mark Stone, Treasurer