



April 22, 2010

Ms. Angela Konz, President
Government Employees AFGE AFL-CIO Local 701
P.O. Box 5
Pekin, IL 61555

Case Number: [REDACTED]
LM Number: 540-702

Dear Ms. Konz:

This office has recently completed an audit of 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 and Treasurer Tom Lowman on April 19, 2010, 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 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 701 for fiscal year ending March 31, 2009, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 194 did not include all disbursements to officers in Schedule 24 (E) (Allowances and Other Disbursements). It appears that the local did not report the total disbursements paid to Treasurer Ron Mundikis and President Brian Farin. Local 701 netted the amount reported in 24 (E) based on the officers refunding 701 for reimbursable expenses paid during the fiscal year.

I am not requiring that Local 701 file an amended LM-3 report for 2009 to correct the deficient items, but Local 701 has agreed to properly report the deficient items on all future reports it files with OLMS.

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. Local 701 amended its constitution and bylaws on May 16, 2007, but did not file a copy with its LM report for that year. Two copies of Local 701's constitution and bylaws have now been filed; no additional enforcement action will be taken regarding this violation.

I want to extend my personal appreciation to Government Employees AFGE AFL-CIO Local 701 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. Tom Lowman, Treasurer