

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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June 19, 2009

Mr. Richard Adams, President  
American Federation of Government Employees AFL-CIO  
Local 1168  
130 West Kingsbridge Road - Room 54-05  
Bronx, New York 10468-3904

Re: Case Number: [REDACTED]

Dear Mr. Adams:

This office has recently completed an audit of AFGE Local 1168 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 Rasul Hafeez, Christopher Drayton, Deborah Amosou, Timothy McIntosh, Evelyn Padilla, and you on May 12, 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.

**Recordkeeping Violations**

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts. The CAP disclosed a violation of LMRDA Section 206 in that the union did not maintain all of their bank statements from Chase Bank and Quorum Federal Credit Union. The union obtained copies of the January 1, 2008 to June 30, 2008 Chase savings account statements and the April 1, 2008 to June 30, 2008 Quorum Federal quarterly statement during the audit.

### **Reporting Violations**

The CAP 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 Form LM-3 filed by Local 1168 for fiscal year ending June 30, 2008, was deficient in the following areas: The union erroneously reported total allowances and other disbursements to officers as (\$12,813). The total allowances and other disbursements to officers was \$12,695. The union reported their Cash amount at the start of the reporting period as \$22,522. The audit revealed that the union had \$23,615 in their bank accounts as of July 1, 2007. The union submitted an amended report prior to the conclusion of the audit.

### **Other Issues**

The audit disclosed the following other issues:

During the audit, I advised you that authorization for the allowance amounts paid to union officers could not be found in union records. Since the initiation of the audit, the allowance authorization was verified and the union executive board provided a copy of the resolution authorizing the allowance amounts paid to union officers.

AFGE Local 1168 failed to follow its constitution and bylaws in that the union does not hold monthly membership meetings in violation of Section 2 of the AFGE Local 1168 bylaws. The union's constitution and bylaws requires membership approval of

expenditures in excess of \$250 per month. It also requires preparation of monthly financial reports.

The minutes of the executive board meetings were not maintained at the union office when requested by the investigator. The minutes were obtained from the executive board Secretary during the audit.

I want to extend my personal appreciation to AFGE Local 1168 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: Derrick Thomas - AFGE 2nd District Vice President  
Francine Gutierrez - AFGE Local 1168 Secretary  
Rasul Hafeez - AFGE Local 1168 Treasurer