

**U.S. Department of Labor**

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April 2, 2009

Ms. Colleen Combs, President  
Government Employees AFGE AFL-CIO  
Local 3306  
400 Fort Hill Avenue  
Room 104 Building 4A  
Canandaigua, NY 14424-1159

LM File Number 512-344

Case Number: [REDACTED]

Dear Ms. Combs:

This office has recently completed an audit of Government Employees AFGE Local 3306 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA). As discussed during the exit interview with you, Executive Vice President Joi Washburn, Vice President Allen Chopik, Secretary - Treasurer John Tripodi, and Chief Steward Susan Lisi on March 31, 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 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 Local 3306's 2007 and 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 3306 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,050.57. For example, documentation was not retained for Executive Vice President Joi Washburn's airfare to the 2007 AFGE Convention.

As previously 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.

2. Meal Expenses

Local 3306 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$296.86. 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.

Local 3306 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, there were no notations made on some restaurant receipts from Schooners Restaurant and Eddie O'Brien's. 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.

3. Failure to Record Receipts

Local 3306 did not record in its 2007 receipts records some employer dues checkoff checks totaling at least \$2,438. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Disposition of Gifts Purchased and Cash

Local 3306 purchased Tops and Kwik Fill gift cards for members in 2008. The union retained no records regarding the distribution of these gift cards totaling at least \$3,762.50. Also, Local 3306 gave \$50 in cash to each new member that joined the union during the 2008 membership drive. The union retained no records regarding the distribution of at least \$2,000 in cash. The union must track the distribution of give-away items and prizes; including cash, gift cards, and raffle items.

5. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership approved all expenditures by the executive board in excess of \$500 at monthly membership meetings. Section 29 of Local 3306's bylaws requires that expenditures in excess of \$500 per month must have prior membership approval, and that all authorized expenditures must be reported in writing at the next regular membership meeting. However, Local 3306 maintained no minutes of any 2008 membership meetings. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 3306 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 Local 3306 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 3306 did not include some reimbursements to officers totaling at least \$1,635.98 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 3306 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).

I am not requiring that Local 3306 file an amended LM report for 2007 to correct the deficient items, but Local 3306 has agreed to properly report the deficient items on all future reports it files with OLMS, including your 2008 report. Local 3306 has yet to file their 2008 report, but has agreed to do so shortly.

## 2. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Local 3306 amended its constitution and bylaws in 1996, but did not file the required copies with its LM report for that year.

Local 3306 has now filed a copy of its constitution and bylaws.

### 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 3306 are currently bonded for \$5,000; however, they must be bonded for at least \$6,923.

Local 3306's officers and employees are currently bonded for \$5,000 but they must be bonded for at least \$6,923. Local 3306 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 May 1, 2009.

I want to extend my personal appreciation to AFGE Local 3306 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: Joi Washburn, Executive Vice President  
Allen Chopik, Vice President  
John Tripodi, Secretary - Treasurer  
Susan Lisi, Chief Steward