

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 18, 2006

Mr. Mariano Casillas, President
Government Employees, AFGE AFL-CIO
Local 779
319 K Avenue, Suite 1
Sheppard AFB, Texas 76311

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Casillas:

This office has recently completed an audit of Government Employees, Local 779 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 Mariano Casillas on December 9, 2005, 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.

The CAP disclosed several violations of LMRDA Section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 779 for fiscal year ending 06/30/04 was deficient in the following areas:

The meeting minutes recorded that a new president, vice president, treasurer, and secretary took office in April 2004, a couple months before the end of FYE 2004. The names of all persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union. In the recently received amended LM-3 for FYE 06/30/04, your office corrected this deficiency.

The LM-3 report for FYE 06/30/04 also reported in Item # 31 that the union had at the end of reporting period \$121,316 in total assets. It also reported in Item # 37(D) that the union had at the end of the reporting period \$140,518 in net assets. Those figures are in contradiction with bank monthly statements provided for review during the CAP audit. Additionally, Item #11 should not be marked because your union does not participate in the administration of a trust or other fund, as defined in the instructions. Item # 19 needs to report present number of members for the fiscal year. Item # 20 needs to report how much bond is in place for the person(s) handling union funds. Item 25(A) and 25(B) contradict actual cash in hand. It appears those figures were perpetuated from previous reports, which were also deficient. Items # 32,33,34,35 and 36 (C) and (D) must have a number or zero (0) and may not be left blank. All of these figures were corrected with the amended LM-3 report. Your office also prepared and submitted an acceptable LM-3 report for FYE 06/30/05.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least five 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 recipients of the goods or services.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 779's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

The following record keeping violation was revealed during the audit of Local 779's 2004 records:

While reviewing your FY 2004 records for the audit, it was found that the union only kept partial information and retained partial records related to monthly bank statements, checks, and other receipts that are required to be retained. It was necessary to review previous fiscal years in an attempt to obtain a more clear understanding of your union's record keeping system.

I want to extend my personal appreciation to Government Employees, Local 779 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: