

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Washington, D.C. 20210



September 28, 2006

Mr. John J. Sweeney
President
American Federation of Labor and
Congress of Industrial Organizations
815 16th Street, NW
Washington, DC 20006

Dear Mr. Sweeney:

The Office of Labor-Management Standards (OLMS) within the Department of Labor (Department) has recently completed a compliance audit at your headquarters under the International Compliance Audit Program (I-CAP). The purpose of this audit was to assess compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA) by the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO or Federation). The I-CAP team conducted an exit interview on September 6, 2006, with Mr. Jonathan Hiatt, General Counsel, and Ms. Deborah Greenfield, Associate General Counsel, to review its findings, including the issues and problem areas identified during the audit as well as actions required to correct deficiencies and recommendations to enhance internal controls.

Officials of your organization were informed at the exit interview that an amended Labor Organization Annual Report, Form LM-2, for the fiscal year ending June 30, 2005, is required to be submitted within thirty days from the date of this letter to correct reporting and other deficiencies. On September 8, 2006, the Federation provided a letter describing in detail the burden involved in amending the Form LM-2 to address one of the deficiencies identified in the audit. In light of this showing, the Federation may submit its amended fiscal year 2005 Form LM-2 and a response to this closing letter within sixty days of the date of this letter.

Specific information relating to these deficiencies is presented below, as is information regarding previously reviewed reporting periods. Additionally, your organization's Form LM-2 for the subsequent fiscal year should be prepared or, if already filed, amended so that it does not contain the deficiencies noted here. We will schedule an

on-site follow-up in approximately six months to review corrective actions taken, to discuss the amended Form LM-2s filed by the Federation, and to continue cooperative efforts to prevent and/or correct LMRDA deficiencies. This letter outlines the I-CAP audit's civil findings as discussed during the exit interview. It does not purport to be an exhaustive compilation of all possible problem areas or violations since the compliance audit was limited in scope.

AUDIT DETAILS:

Reporting Deficiencies - LMRDA Section 201

Section 201(b) of the LMRDA requires that labor organizations file with OLMS an annual financial report that accurately discloses the union's financial condition and operations. The following deficiencies were noted in regard to the AFL-CIO Form LM-2 for the fiscal year ending June 30, 2005 (the audit period of July 1, 2004 to June 30, 2005). The deficiencies identified in this section must be corrected in an amended Form LM-2 report for the FY 2005 reporting period. Further, subsequent Form LM-2 filings must be prepared so as not to contain these deficiencies.

1. Disbursements to the District of Columbia Treasurer for property taxes and business improvement taxes were inaccurately reported on Schedule 18, General Overhead (itemization page 582 of 863) by the AFL-CIO. The Form LM-2 instructions require these disbursements be reported in Item 65, Direct Taxes, of Statement B, Receipts and Disbursements.
2. Automobile allowances for employees were incorrectly reported in Column (F), Disbursements for Official Business, on Schedule 12, Disbursements to Employees, of the Form LM-2. The Federation paid monthly car allowances of \$650 to certain employees. The car allowances were intended to cover car repairs, maintenance, and payments. All allowances, except for mileage or meals, paid to employees on a daily, weekly, monthly, or other periodic basis must be reported next to their names in Column (E), Allowances Disbursed, on Schedule 12.
3. Automobile insurance paid by the Federation on behalf of employees receiving monthly car allowances was incorrectly reported in Column (F) on Schedule 12. Disbursements for the personal car insurance of employees must be reported next to their names in Column (G), Other Disbursements, on Schedule 12.
4. Disbursements for the monthly lease, maintenance, servicing, insurance, gas and oil costs of automobiles leased by the Federation for certain employees was incorrectly reported in Column (F) on Schedule 12. The Federation

advised that employees assigned leased automobiles may use those vehicles for personal as well as business purposes. The Federation advised that it does not require each individual assigned a leased automobile to submit an annual mileage report stating the total miles driven that year and the percentage of business use of the leased automobile.

If an automobile leased or owned by the union is used for both official and personal business, the cost of operating the car is reportable in one of the following ways, as appropriate:

- a. The union may break down the operating and maintenance costs of the car into the portion for official union business and the portion for personal use. The portions may be computed on the basis of the mileage driven on official union business compared with the mileage for personal use. The portion for official union business should be reported in Column (F) and the other portion in Column (G) on Schedule 12.
 - b. Alternatively, rather than allocating these costs between Columns (F) and (G), if 50% or more of the use of the vehicle was for official union business, the total cost may be entered in Column (F) with an explanation in Item 69 indicating that the vehicle was also used part of the time for personal business. Likewise, if less than 50% of the use of the vehicle was for official union business, the total cost may be entered in Column (G) with an explanation in Item 69 indicating that the vehicle was also used part of the time on official union business.
5. The Federation incorrectly reported disbursements for personal charges on its credit cards by officers and employees and the reimbursements from them for those charges. The charging of personal items on Federation credit cards is in violation of the Federation's travel policy. However, the travel policy makes allowances for "accidental" personal charges mandating that it is the union official's responsibility to repay the Federation. The audit revealed certain instances in which personal credit card charges were incurred and were promptly repaid. Those transactions were misreported in Column (F) on Schedule 11 or 12, or in Items 50 - 54. None of the reimbursed personal expenses were reported in Schedule 14, Other Receipts, as required. Personal credit card charges must be reported in Column (G), Other Disbursements, of Schedule 11 or 12, next to the name of the individual who incurred those charges. Additional explanation regarding these transactions may be reported in Item 69, but is not required.

6. The Federation incorrectly reported disbursements for non-reimbursed personal credit card charges in Column (F) of Schedule 11 or 12, or in Items 50 – 54. The audit revealed certain instances in which personal expenses charged to a Federation credit card were not reimbursed by the officer or employee who incurred the charges. Personal expenses must be reported in Column (G) of Schedule 11 or 12, next to the name of the individual who incurred those expenses.
7. The Federation correctly reported gross accounts receivable and gross loans receivable in Items 23 and 24. However, the Federation should revise the manner in which it reports allowances for doubtful accounts receivable and allowances for doubtful loans receivable. During the audit period, these allowances were reported in Schedule 10, Other Liabilities. The allowances for doubtful accounts may be reported in Item 69, Additional Information, pursuant to the instructions for Item 23 or, in the alternative, they may be reported as negative amounts in Schedule 7, Other Assets, using the same descriptions originally reported in Column (A) of Schedule 10 by your organization. Item 69 must provide details of how the allowances were determined by your organization if they are reported in this manner in Schedule 7.
8. The Federation incorrectly included members of Directly Affiliated Local Union (DALU) 461 (Armstrong World Workers) on Schedule 13, Membership Status; these members merged with United Steelworkers of America during the audit period. This DALU had 392 members.
9. The Form LM-2 did not contain sufficient information regarding one transaction for \$153,290 in which assets were disposed of by the Federation during the audit period. Item 69, in support of Item 15 on the Federation's Form LM-2 disclosed a disposal of fixed assets during the reporting period in the amount of \$153,290. The audit revealed that this included 87 computers that were sold for \$11,064 and 18 computers that were scrapped, and that these transactions were not properly reported.

Columns (B) and (D) of Schedule 3, Sale of Investments and Fixed Assets, report \$11,064 as both the "Cost" and the "Gross Sales Price" of the 87 computers that were sold. The actual original cost of the 87 computers that were sold during the reporting period must be reported in Column (B) of Schedule 3. Item 69 in support of Item 15 must disclose information related to only the 18 computers that were scrapped. This information must include the type of assets, their value at the time of disposal, and the original cost or other basis of the assets that were disposed of in a manner other than by sale.

10. Although the Federation operated a union gift shop for which an inventory system was maintained, the Federation did not report inventory on the Form LM-2. There was no inventory reflected on Item 28 of Statement A, Assets and Liabilities or Schedule 7, Other Assets. The Form LM-2 instructions require that all assets be reported.
11. Although the Detailed Summary Page - Schedules 14 through 19 contained the correct overall total, the Federation transposed vendor totals in the itemization pages of Schedule 19, Union Administration. Specifically, disbursement amounts to four vendors were reported incorrectly on Line (I) of their respective Schedule 19 itemization page of the Form LM-2, as shown in the table below. The Federation stated that this was due to a clerical error as the information was entered manually.

<u>Vendor</u>	<u>Amount Reported</u>	<u>Amount Reportable</u>
Xerox Corporation	\$ 6,828	\$ -0-
Int'l Association of Machinists	\$42,966	\$ 6,828
College Park, LLC	\$24,650	\$42,966
Makras Real Estate	\$ -0-	\$24,650

12. The Federation did not reflect the beginning and ending balance for a Paris, France bank account in Item 22 of Statement A, Assets and Liabilities. The Paris bank account is for use by the AFL-CIO Paris office. The AFL-CIO should provide financial information regarding all of its bank accounts.
13. The I-CAP team found that the beginning and ending balances for the Federation's southern regional bank account were incorrectly reported on Statement A, Item 22, of the Form LM-2. This occurred because the revolving fund balance was reported on the Form LM-2 and not the book balance as reconciled at both the beginning and ending of the fiscal year. The checking account balance should be obtained from the Federation's books as reconciled with the balances shown on the bank statements.
14. On August 1 and 2, 2000, the AFL-CIO Executive Council voted to authorize the Federation to pay the travel costs incurred by the spouses of the three executive officers and to treat any such expenditures as taxable compensation. Disbursements for the travel expenses of officers' spouses must be reported in Schedule 11 next to the name of the officer whose spouse incurred those expenses.

Federation disbursements for spousal travel expenses, however, were generally misreported in Items 50 - 54, with the exception of \$248 in expenses for the travel of President Sweeney's spouse, which was correctly reported next to the officer's name in Column (G) of Schedule 11.

If the spouse's travel was necessary for conducting official union business, such disbursement must be reported in Schedule 11, Column (F). If the spouse's travel was not necessary for conducting official union business and was essentially for personal benefit, such disbursement must be reported in Schedule 11, Column (G).

15. The Federation misreported disbursements for certain charges on its credit cards for restaurant expenses and non-lodging hotel expenses incurred by officers and employees. These disbursements were incorrectly reported in Items 50 - 54. Direct and indirect disbursements to, or on behalf of, officers or employees must generally be reported next to their names on Schedule 11 or 12. One exception to this rule is that indirect disbursements for temporary lodging or transportation by public carrier necessary for conducting official business while the officer or employee is in travel status are reportable in Items 50 - 54. However, non-lodging hotel expenses (such as food and refreshments) included on hotel bills and paid by the union through a credit arrangement must be reported in Schedule 11 or 12, next to the names of the officers or employees who incurred those expenses. If necessary for conducting official union business, such disbursements must be reported in Column (F). If not necessary for conducting official union business and essentially for the personal benefit of the official, such disbursements must be reported in Column (G).

Restaurant expenses charged to Federation credit cards must also be reported in Schedule 11 or 12 as indirect disbursements next to the names of the officers or employees who incurred those expenses.

Sections 214.571 through 214.577 of the LMRDA Interpretative Manual set forth the rules and provide examples for reporting direct and indirect disbursements for food and refreshments for officers, for employees, for general membership gatherings, and for the entertainment of individuals outside the union.

Basically, the rules are as follows:

- a. Credit card charges for food and refreshments for officers and employees when necessary for conducting official union business must be reported next to their names in Column (F) of Schedule 11 or 12.

- b. Credit card charges for food and refreshments for officers and employees when not necessary for conducting official union business – essentially for the personal benefit of the officers and employees – must be reported next to their names in Column (G) of Schedule 11 or 12.
 - c. Credit card charges for food and refreshments for general membership gatherings should be reported in Items 50 – 54, as appropriate.
 - d. Individual credit card charges for food and refreshments for more than one officer or employee should be divided equally among such officers and employees and the portion for each officer or employee should be reported next to their name in Column (F) or (G) of Schedule 11 or 12, as appropriate.
 - e. Individual credit card charges for food and refreshments when an officer or employee conducts official union business with someone outside the union should be reported as follows. The officer or employee's portion of the tab must be reported in Column (F) of Schedule 11 or 12 and the other individual's portion of the tab should be reported in Items 50 – 54, as appropriate.
16. The Federation incorrectly reported in Items 50 – 54 disbursements for certain travel expenses of its vice presidents who are also officers of unions affiliated with the Federation. The Federation paid various travel expenses, including per diem, for these officers to attend meetings. The Federation sometimes paid the officers directly for these expenses and sometimes paid them indirectly via disbursements to the other labor unions. These disbursements (other than indirect disbursements for temporary lodging or transportation by public carrier) must be reported next to each respective officer's name in Column (F) of Schedule 11. Additional explanation regarding these transactions may be reported in Item 69, but is not required.

Inadequate Recordkeeping – LMRDA Section 206

Pursuant to Section 206 of the LMRDA, every person required to file any report under Title II of the LMRDA shall maintain records on the matters reported which will provide in sufficient detail the information and data from which the documents may be verified, explained, or clarified and checked for accuracy and completeness. All required records must be maintained for at least five years following the date the financial report is filed. Records over five years in age must be maintained if necessary to verify reports filed within the last five years. For example, records such as meeting minutes that note approval for spousal travel or officer salary increases must be

retained for as long as they remain necessary to verify current financial activities of the union. There were instances noted during this audit where the Federation did not comply with the recordkeeping requirements of Section 206. During the exit interview, AFL-CIO officials were informed that sufficient documentation must be maintained, regardless of amount, for a minimum of five years.

17. The Federation did not require any itemized meal receipts for any officer or employee. These itemized receipts are necessary to ensure disbursements are solely for union business purpose and to sufficiently fulfill the recordkeeping requirement as defined under Section 206 of the LMRDA. The Federation should maintain itemized meal receipts in the future for disbursements of both officers and employees.
18. Two accounts payable transactions, one for \$75,000 and one for \$19,440, were not supported by adequate documentation that clearly and sufficiently identified the union business purpose. The AFL-CIO should retain sufficient documentation in their files to clearly support the union business purpose of each transaction.
19. During the audit period, a contractor for the AFL-CIO, who was also the president of the Alliance for Retired Americans, received payments totaling \$36,000 from the AFL-CIO. There was no contractual documentation available to support the payments, although the Federation informed the I-CAP team the work was for consulting services to the AFL-CIO. The Federation should maintain adequate documentation to support the purpose of all contracts.
20. The Federation did not maintain supporting documents to substantiate the membership numbers reported on the Form LM-2 for its associate members in Working America. Although the AFL-CIO included the membership for Working America on Schedule 13 of the Form LM-2, the Federation did not have supporting documentation available in its files to substantiate the Working America membership numbers presented on the Form LM-2. The AFL-CIO received a verbal membership number from Working America and entered this number onto the Form LM-2 for the audit period. The AFL-CIO has taken steps to receive periodic written membership reports from Working America that will be used to report the membership number in the fiscal year 2006 Form LM-2 filing. The I-CAP team will review the membership reports during the six month follow-up.
21. The Federation did not maintain a detailed subsidiary ledger within its general ledger to track furniture and equipment. When fixed assets were acquired they were not labeled with an individual inventory number. The

Federation has asset tracking software that should be used to identify each fixed asset to ensure the assets of the AFL-CIO are accounted for and adequately safeguarded. The Federation began using its asset tracking software during the on-site audit and the I-CAP team will review its progress during the six month follow-up.

22. The Federation failed to maintain certain receipts. Most missing receipts were for meal expenses, but receipts were also sometimes missing for parking, taxis, fuel, hotel charges, and airline charges. The Federation expense policy states that original receipts and other supporting documentation for travel and other expenses incurred on behalf of the Federation must be maintained and submitted with the employee's expense report.

The Federation also failed to maintain receipts necessary to verify reports filed within the last five years. The I-CAP team selected a sample of transactions from the previous five years to determine whether supporting documentation had been maintained and funds were used solely for union purposes. In over 40% of the officer and employee disbursement transactions selected for review, no original receipts for airfare, meals, and other expenses were available for review. The Federation provided credit card bills with no supporting documentation detailing the itemization of the charge. In addition meal charge receipts often did not include written, detailed explanations of union business conducted and the full names and titles of all persons incurring the restaurant charges. The Federation should maintain itemized receipts to substantiate the union business purpose of disbursements and provide detailed explanation of the union business conducted along with the full names and titles of all persons incurring the restaurant charges.

23. The Federation failed to retain written travel authorizations in the union records. The Federation travel policy requires each employee to complete a travel authorization form prior to travel in order to obtain proper travel authorization. The audit revealed that such travel authorization forms were often completed and transmitted to the travel agency, yet were not retained in the union records.

Officer Holding Prohibitions - LMRDA Section 504

Section 504(a) of the LMRDA prohibits persons convicted of certain offenses from holding labor organization office or employment for a period of thirteen years from the date of conviction or release from prison, whichever is later.

24. While the Federation does include a question on its employment application regarding criminal convictions, it does not conduct criminal background checks of officers and employees. During the exit interview, the I-CAP team emphasized the importance of verifying background information to ensure individuals do not hold office or employment in violation of LMRDA Section 504.

Internal Controls

Adequate internal financial controls are essential to prevent the misuse of funds and to support the financial responsibility and other obligations under Title II and Title V of the LMRDA. Title V of the LMRDA stipulates, among other things, the fiduciary responsibility of officers of labor organizations. As a general matter, weaknesses in financial controls can lead to violations of Section 501 of the LMRDA.

25. The AFL-CIO did not have a travel policy applicable to officers. To better safeguard Federation funds, the I-CAP team recommends revision to their travel policy to include provisions for officers that are uniformly enforced. During discussions with AFL-CIO officials, they agreed to implement a travel policy applicable to officers. In the six month follow-up, the I-CAP team will review the progress of the Federation to revise the policy.
26. The Federation did not have written loan agreements to document the loan terms and conditions for the following four loans: \$75,000 to Union Community Fund, \$400,000 to the Alliance for Retired Americans, \$560,000 to the National Labor College (formerly the George Meany Center for Labor Studies), and \$185,000 to the Center for Working Capital. The Federation was able to provide the Executive Council meeting minutes that identified approval of each of these four loans. Good internal control practices over loans consist of documenting stipulations in a loan agreement, such as the terms and conditions of the loan.
27. The Support Services Department did not have a system in place to receive cash. The Federation received cash receipts in this office averaging \$1,400 a year. The cash was forwarded to the Accounting Department for deposit with no assurance that all cash was remitted. As of April 2006, based on the review by the I-CAP team, the Support Services Department no longer receives cash. Cash is remitted directly to the Accounting Department and the accounting staff deposits the funds.
28. Duties involving the processing of cash receipts were not segregated. One staff member at the Federation received checks, entered receipts into the general ledger, prepared the deposit slip, and had the ability to deposit

checks at the bank. The I-CAP team did not, however, find any evidence that this staff member made any deposits during the audit period. The I-CAP team recommends that duties be appropriately segregated, with one staff member assigned to receive and list the receipt of checks along with reconciling the list to the canceled deposit slips; a second employee to record receipts in the general ledger; and a third staff member to prepare the deposit slip and deposit the checks at the bank.

29. The Federation did not require a receipt log be maintained for checks received by the Civil, Human and Women's Rights Department, the Politics and Field Department, and the Support Services Department. These departments received a number of checks. For example, during the audit period the Civil, Human and Women's Rights Department received \$82,630 in receipts. The checks were provided to the Accounting Department for deposit with no confirmation all checks had been remitted. To fully and accurately account for all Federation funds, it is recommended all checks be forwarded directly to the Accounting Department. If checks are received by these offices, a duplicate receipt log should be maintained by one staff member. A second staff member should reconcile the receipt log to the physical checks and then remit the checks to the Accounting Department to deposit at the bank.
30. An affiliate made joint fundraising transfers from its federal political committee to the AFL-CIO's Committee on Political Education-Political Contributions Committee (COPE-PCC). Under an arrangement between the affiliate and the AFL-CIO, the affiliate deducted corresponding amounts from its per capita tax payments. The affiliate's political committee ceased making transfers to COPE-PCC in February 2004 but the affiliate continued to make the deductions from its per capita tax payments, in an amount that totaled \$18,000 during the audit period, and the AFL-CIO continued to accept the reduced payments. The Federation explained to the I-CAP team this was an inadvertent error and it has taken steps to rectify the matter. It is recommended that the Federation regularly verify per capita tax amounts due in order to ensure receipts are properly recorded.
31. The I-CAP team reviewed the Federation's signature cards used to identify staff members who are authorized to approve disbursement transactions. The accounting staff relies on these signature cards in order to process disbursements. The I-CAP team identified signature cards that were not completed in their entirety and in some cases signature cards were not in the Federation records. Of the payments reviewed, there were three payments where the first level signatory did not have a signature card on file and in two of the three payments there was no approval by the second

level signatory as required by AFL-CIO disbursement policy. The I-CAP team also found that one Department Head approved his own telephone expense and did not have the required second level approval signature. Further, the I-CAP team identified that one staff member is authorized approval authority for all Federation expenses related to the Publications Department. There was no signature card in the Federation records outlining the authority for this staff member. The I-CAP team recommends that the signature cards be periodically updated and completed in their entirety. To better safeguard union funds, disbursements should be approved only by the authorized officials reflected on the signature cards and disbursements should not be made by the accounting staff without approval by authorized officials.

32. The audit revealed that the executive assistants to the Federation's three executive officers and another Federation employee were allowed to approve their own travel expenses. The I-CAP team recommends that these employees not be allowed to approve their own expenses. Instead, another Federation official should be assigned the responsibility of reviewing and approving such travel expenses so that the authority to disburse union funds will be adequately segregated and union funds will be better safeguarded.

The audit also revealed that the three executive assistants and another Federation employee regularly received reimbursement for actual travel expenses rather than per diem as is mandated in the Federation's employee travel policy. The I-CAP team recommends that the employee travel policy apply to all employees.

33. On August 1 and 2, 2000, the AFL-CIO Executive Council voted to adopt, as policy, the AFL-CIO's existing practice regarding travel by spouses of the executive officers. The minutes state that "from time to time, the Federation pays the travel costs incurred by the spouses of the three executive officers of the AFL-CIO. In accordance with current law, any such expenditures are treated as part of the taxable compensation reported to the Internal Revenue Service each year for the officers." To ensure that this spousal travel policy is not abused, the I-CAP team recommends that the AFL-CIO Executive Council review and revise the policy to make it more detailed and specific regarding matters such as the circumstances under which the Federation will pay spouses' travel costs. The I-CAP team also recommends that the policy impose specific travel reimbursement limits for spouses' travel expenses.

AFL-CIO Trades Departments

34. During the audit, the I-CAP team determined that the Department of Professional Employees (DPE) and the Transportation Trades Department (TTD) of the AFL-CIO had not filed annual reports with OLMS and neither Department's finances were included on the Form LM-2 of the AFL-CIO. All other Trades Departments of the AFL-CIO file individual annual reports with OLMS. The DPE and TTD in addition to the AFL-CIO were notified in writing that they are required to comply with the LMRDA as both Departments meet the definition of a labor organization. The Departments have each filed with OLMS a Form LM-1, Labor Organization Information Report, and have indicated they will file the appropriate fiscal year report.

Prior Year Amended Form LM-2 Reports

35. In 2003, the Department reviewed the Federation's Form LM-2 reports for the fiscal years ending December 31, 2000, and December 31, 2001, along with the six-month period ending June 30, 2002. As a result of the review, the Department sought amended Form LM-2 reports for those periods yet these reports have not been filed with OLMS. OLMS requests that the Federation submit these amended reports within sixty days from the date of this letter.

Prior Year Form LM-2 Deficiencies

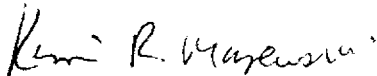
36. In the review of sampled transactions from the previous five years, there were deficiencies identified in two categories on the Form LM-2. The I-CAP team examined 10 leases with rental deposits, where the Federation was the tenant, to determine whether the deposits were correctly reflected on the fiscal year 2004 Form LM-2. Since one rental deposit totaling \$3,250 was incorrectly reported on the Federation's books, Schedule 3, Other Assets, was understated. The I-CAP team also sampled items during the previous five years to determine whether fixed assets were correctly reflected on the Form LM-2. Four of the items identified were incorrectly listed as furniture instead of computer equipment. Funds held for leases should be correctly reflected as an asset in Schedule 7. Because the lease is still active, and the four items were incorrectly listed, subsequent filings must correctly reflect fixed assets and rental deposits.

At the conclusion of the exit interview, the I-CAP team directed the Federation to submit an amended Form LM-2 for the fiscal year ending June 30, 2005, and a response to this closing letter within thirty days from the date of this letter. On September 8, 2006, the Federation provided a letter describing in detail the burden involved in amending

the Form LM-2 to address one of the deficiencies identified in the audit. In light of this showing, the Federation may submit its amended fiscal year 2005 Form LM-2 and a response to this closing letter within sixty days of the date of this letter. The response letter will identify the corrective actions implemented by the Federation based on the results of the compliance audit. In addition, the Federation must submit within sixty days from the date of this letter the amended Form LM-2 reports for fiscal years ending December 31, 2000, December 31, 2001 and the six-month period ending June 30, 2002. Further, the Federation has agreed that subsequent Form LM-2 filings will reflect the findings addressed in this letter and that the Federation's report for the fiscal year ending June 30, 2006, will be prepared or, if already filed, amended, to reflect these findings. We will schedule an on-site follow-up in approximately six months to review LMRDA compliance and the amended FY 2005 Form LM-2, discuss the corrective actions that have been taken, and continue cooperative efforts.

We want to express our appreciation for the cooperation and courtesy extended by you and your staff during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call us.

Sincerely,



Kim R. Marzewski, Chief
Division of International Union Audits

cc: Secretary-Treasurer Richard Trumka