

**U.S. Department of Labor**

Office of Labor-Management Standards  
Buffalo District Office  
130 South Elmwood Street, Suite 510  
Buffalo, NY 14202-2465  
(716) 842-2900 Fax: (716) 842-2901



April 4, 2013

Mr. James Lilly, President  
Government Empl NAGE SEIU, AFL-CIO  
Local 394  
6300 County Rd 41  
Farmington, NY 14425

Case Number: 120-09232 [REDACTED]  
LM Number: 543493

Dear Mr. Lilly:

This office has recently completed an audit of Government Employees NAGE SEIU, AFL-CIO, Local 394 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 with you on April 2, 2013, 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 Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records 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, labor organizations must maintain 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 394's 2012 records revealed the following recordkeeping

violations: General Expenses

Local 394 did not retain adequate documentation for expenses incurred by union officers totaling at least \$410. For example, two separate Tops Supermarket expenses totaling \$134.19 were missing receipts.

As 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.

Based on your assurance that Local394 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Violations

The audit disclosed the following other violation(s):

1. Failure to File

Local394 has not filed Form LM-3 for the fiscal years ending December 31, 2011 and December 31, 2012. The LMRDA requires that union file their annual report within 90 days of the end of their fiscal year.

I encourage Local 394 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically.

The Form LM-3's should be filed electronically no later than April 22, 2013 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

2. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 394 should obtain adequate bonding coverage (without a deductible) for its officers and any employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than April 30, 2013.

I want to extend my personal appreciation to Local 394 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: Derek Lynch, Vice President