

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION**

AMERICAN FEDERATION OF
TEACHERS MISSISSIPPI, a Mississippi
Non-Profit Corporation, and
GERALDINE BENDER, individually and
in her capacity as Member of the JACKSON
FEDERATION OF TEACHERS AND PSRP,

PLAINTIFFS

VERSUS

CIVIL ACTION NO. 3:21-cv-244-DPJ-FKB

RANDI WEINGARTEN, in her official capacity
as President of the AMERICAN FEDERATION OF TEACHERS,
AFL-CIO, AMERICAN FEDERATION OF TEACHERS, AFL-CIO
An unincorporated association,
JACKSON FEDERATION OF TEACHERS AND PSRP, a
Mississippi Non-Profit Corporation,
AKEMI STOUT, individually and in her official capacity
for the JACKSON FEDERATION
OF TEACHERS AND PSRP, a
Mississippi Non-Profit Corporation,
LORETTA JOHNSON, in her official capacity for the
AMERICAN FEDERATION OF TEACHERS,
an unincorporated association and
JOHN DOES1-10

DEFENDANTS

COMPLAINT

JURY TRIAL DEMANDED

COMES NOW, the Plaintiffs, American Federation of Teachers Mississippi, a
Mississippi Non-Profit Corporation, and Geraldine Bender, individually as a Member of the
Jackson Federation of Teachers and Paraprofessionals and School Related Personnel, by and
through their attorneys of record, the Dummer Law Group, PLLC, and files this their Complaint
for damages, and would show unto the Court the following, to-wit:

PARTIES

1. Plaintiff, the American Federation of Teachers Mississippi (hereinafter “AFT-MS”) is a Mississippi Non-Profit Corporation qualified to do business in the State of Mississippi, who may be served with process by its counsel of record, Dummer Law Group, PLLC, whose address is 796 Howard Ave. – First Floor, Biloxi, MS 39530.

2. Plaintiff, Geraldine Bender, is an individual, a Member of the Jackson Federation of Teachers and Paraprofessionals and School Related Personnel, a Mississippi Non-Profit Corporation, and thus appearing in a derivative manner, and is a citizen of the State of Mississippi, who may be served with process by her counsel of record, Dummer Law Group, PLLC, whose address is 796 Howard Ave. – First Floor, Biloxi, MS 39530.

3. Defendant, Randi Weingarten, in her official capacity as President of the AMERICAN FEDERATION OF TEACHERS, AFL-CIO, wherein she may be served at the AFT’s principal place of business is 555 New Jersey Ave., N.W., Washington, DC, 20001, or wherever she may be found.

4. Defendant, the American Federation of Teachers, AFL-CIO (hereinafter “AFT” or “National AFT”), unincorporated association and a labor union, specifically a subsidiary of the AFL-CIO union. The National AFT’s principal place of business is 555 New Jersey Ave., N.W., Washington, DC, 20001, and may be served through its President, Randi Weingarten at the same address or wherever she may be found.

5. Defendant, the Jackson Federation of Teachers and Paraprofessionals and School Related Personnel (hereinafter “JFT”) is Mississippi Non-Profit corporation qualified to do

business in the State of Mississippi, who may be served process upon its registered agent, Akemi Stout, located at 1640 Lelia Drive, Suite 120, Jackson, MS 39216.¹

6. Defendant, Akemi Stout, in her individual capacity and in her official capacity, is an adult resident of Hinds County, Mississippi, who may be served process at her residence at 457 Trent Dr., Jackson, MS 39212 or wherever she may be found.

7. Defendant, Loretta Johnson is an adult resident of Maryland, who may be served at her residence, which upon information and belief is 3207 Greenmead Rd., Windsor Mill, MD 21244 or wherever she may be found.

8. Defendant, John Does 1-10, are entities who the Plaintiff has been unable to identify or cannot properly name at this time. As such, said Defendants are unnamed individuals or entities pursuant to Rule 9(h) of the Mississippi Rules of Civil Procedure. Plaintiff reserves the right to amend this *Complaint* as necessary to include these names as they are discovered as permitted by law.

JURISDICTION AND VENUE

9. This Court has personal jurisdiction over the matter at bar under Title 28 of the United States Code Section 1331 as this court "...shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States." *See* 28 U.S.C. § 1331 As stated herein, the Plaintiff has several causes of action which this Court has exclusive jurisdiction over, and those remaining state law claims are of the same case and controversy that they must also be litigated herein.

10. Pursuant to Title 28 of the United States Code Section 1391 Venue is proper over this matter because this matter arises out of agreements between AFT-MS and JFT, who are both

¹ The Jackson Federation of Teachers and PSRPS has no principal office address according to the Secretary of State. Upon information and belief, Stout has moved its office to her personal home.

based in Jackson Mississippi, and the illicit financial activity of JFT, which occurred in Mississippi. *See* 28 U.S.C. § 1391(b).

11. There is a choice of law provision in a relevant Contract (described in Exhibit G, below), but the clear language of this provision applies only to litigation brought by JFT and does not apply here. Additionally, the contract in question is void as a matter of law. Therefore, this choice of law provision is not applicable here.

BACKGROUND

12. Between 2018 and 2019, the American Federation of Teachers Mississippi (hereinafter “AFT-MS”) began to notice substantial cash flow problems from one of its locals unions, the Jackson Federation of Teachers (hereinafter “JFT”), which services teachers in the greater Jackson, Mississippi area.

13. In late 2018, the AFT-MS notified the National AFT of this developing situation and requested it take action. The AFT told the AFT-MS it would conduct an investigation through the proper channels. However, by 2019, JFT fell over one (1) year behind in their *per capita* payments to the AFT-MS and by, by default, National AFT.

14. AFT-MS attempted to rectify this situation by allowing the JFT to make back payments to catch back up on past-due payments. *See* AFT-MS Letter to JFT, May 9, 2019, attached hereto as Exhibit A. In accordance with its Charter, the AFT-MS demanded a date be set whereby JFT’s books and records could be investigated to assist in determining what led to JFT’s inability to pay its per capita dues.

15. In violation of the terms of their charter the JFT stated its refusal to cooperate. Instead, JFT, through its then counsel, attempted to deflect its misconduct and failure to pay by alleging, amongst other things, that “in kind” payments in the form of “...staff time, supplies,

and travel” should be applied as a credit to its amount owed. *See* JFT Letter, May 24, 2019, attached hereto as Exhibit B. JFT concluded its letter by disregarding the fact that it owed a substantial amount of money to AFT-MS and made a specious claim that it is still in “‘good standing’ with *all* affiliated organizations[.]” *Id.* at 2.

16. Following the JFT’s response, the AFT-MS through its counsel, also sent a demand for compliance with the investigative authorities provided by the AFT-MS Constitution, Art. V. § 10(c). The JFT, through its counsel, refused to submit to an investigation citing that the JFT was being investigated by the AFT and the AFT’s report should satisfy any inquiry the AFT-MS may have. *See* JFT Letter, June 7, 2019, attached hereto as Exhibit C. To date, AFT-MS remains perplexed as to how an alleged audit by National AFT precludes it from conducting its own audit on JFT.

17. Upon information and belief, Loretta Johnson was working in concert with Stout to delay the investigation along with other supporters and accomplices of Stout at the AFT.

18. Evidence of malfeasance by JFT grew as Akemi Stout, President of JFT attempted to consolidate control of the JFT, move the JFT headquarters to her personal residence, and continued to refuse disclosure of critical financial information to the parent AFT-MS.

19. The AFT-MS sought assistance from the AFT to compel compliance with the AFT-MS’s request for an audit, however, the AFT instructed the AFT-MS to stand down until its own investigation and report could be completed. This Prompted AFT-MS to become even more suspicious regarding the validity of AFT’s investigation into JFT.

20. Upon information and belief, the report had been in draft form and through the efforts of Loretta Johnson, individually and through her position as the AFT’s Secretary, the

report had been stalled owing to the expected unfavorable results that would be revealed once an investigation was completed and its corresponding report published.

21. The AFT-MS patiently waited for over one (1) year for the AFT to complete its alleged investigation and conveniently completed its report only after the AFT-MS obtained legal counsel and began sending demands to the JFT, and requests for compliance to the AFT's general counsel.

22. The AFT's forensic report was eventually mailed by Yhasmine Bryan, CFE, CICA, a Senior Associate Director, for the AFT Finance Office, on about January 24, 2020. *See* AFT Management Report, Jan. 24, 2020, attached hereto as Exhibit D (owing to the confidential nature of the report, it has been filed under seal).² The AFT-MS incorporates its findings as if fully set forth herein.

23. Despite the report being given to Stout, and contrary to the ongoing requests by the AFT-MS, the report was withheld from the AFT-MS until February 24, 2020.

24. The report confirmed that the JFT's executive board, including and especially its President, Akemi Stout, had been misusing JFT funds for a wide range of personal expenditures including but not limited to: 1) \$7,498 unilateral increase to Ms. Stout's 401k contribution, 2) \$2,352 in unexplained ATM cash withdrawals, 3) \$1,793 in Square Cash transactions (colloquially known as "Cash App"), 4) \$3,569 in PayPal transactions, and 5) \$2,252.00 spent at various hotels, hotel restaurants and bars. *Id.* at pg. 6.

² Notably, the report acknowledges that the JFT failed or refused to provide access to the JFT's Quickbook's files, therefore Ms. Bryan "prepared the financial statements after inputting the underlying data for the above period." *Id.* This further suggests that additional items were concealed or were not provided for in the report. Bryan explains, "my review was limited by the fact that the financial data available to me consisted solely of JFTSP's check stubs and bank statements." *Id.*

25. The forensic report detailed a number of payments to “Rod’s Repair & Maintenance Services,” which is allegedly a computer maintenance repair company.³ *Id* at 7. JFT budgeted \$2,210, \$3,210, and \$4,800 for computer repair expenses for 2017-2019, but actually paid \$12,106, \$5,523, and \$8,457 respectively to Rod’s Repair in those years.

26. The report also found that Ms. Stout’s salary was \$48,379, but the JFT actually paid Stout \$60,516 for her pay in 2018. *Id* at pg. 8.

27. The report also found numerous occasions where JFT failed to keep receipts for deposits, cash disbursements, or debit card purchases, as required. *Id* at pg. 6-8.

28. Due to the severity and frequency of these findings, the AFT-MS naturally assumed that the AFT would work with ATF-MS to take corrective action. That was clearly not the case as AFT continues to show absolutely no interest in working with AFT-MS to resolve this still ongoing financial issue.

29. After continuing to receive no support, the AFT-MS requested that the National AFT administer an “emergency administratorship” (as provided for in the AFT bylaws) to take control of the JFT and correct the mismanagement of funds. *See* Bender Letter to AFT Exec. Counsel/David Strom, April 28, 2020, attached hereto as “Exhibit E.”

30. On May 14, 2020, Dr. Loretta Johnson, a close and personal friend of Stouts, responded to the AFT-MS and denied the request for an administratorship, finding that the severe financial crimes of the JFT “do not rise to the level of an ‘immediate threat’ under the AFT constitution, nor have the requisite ‘exceptional unusual circumstances where an affiliate is incapable of taking adequate remedial measures on its own initiative.’” *See*, Johnson Correspondence to Bender, May 14, 2020, attached hereto as “Exhibit F.”

³ The President of this company, Roderick Jones, also owns another company called “Hydro Arts, LLC,” whose Vice President is the Defendant, Akemi Stout.

31. Throughout the process it became clear that Johnson was purposely frustrating the investigation process and not permitting the AFT-MS from undertaking its duties to ensure compliance with JFT and her friend Akemi Stout.

32. On June 18, 2020, the JFT and AFT (without AFT-MS) entered into a secret agreement in an attempt to resolve the issues occurring at JFT. *See* Agreement to Credit Delinquent Per Capita Dues, (hereinafter “the Agreement”), attached hereto as “Exhibit G.” This agreement was only revealed when the President for the AFT-MS learned about its execution and demanded a copy.

33. The Agreement (excluding the AFT-MS) contains the following statements of fact regarding the debts owed by JFT to AFT-MS:

- a. “JFT has a duty and obligation to pay per capita dues to the state federation, pursuant to Article XI, Section (sic) of the AFT constitution and Article X, Section 1(a) of the AFT Bylaws; AND”
- b. “JFT currently owes a total of . . . \$114,754 in delinquent per capita to AFT Mississippi for the months of March, 2019 through May, 2020; AND”
- c. “AFT Mississippi could demand payment of the arrears, with interest and suspend the Local from membership, thereby revoking JFT’s eligibility for all programs, grants, and conventions”

Id. at p 1.

34. AFT-MS, the actual aggrieved party and parent to the JFT, was never told about these negotiations or consulted before the contract was executed by JFT and the AFT. This contract effectively makes payments due from the JFT to the AFT-MS, now to be paid directly to the AFT, without providing for the AFT-MS’s consent or consideration.

35. The mere existence of this contract minimizes and condones the gross violations of fiduciary duties of Stout to the JFT and its Members, including the Plaintiffs.

36. The white washing of wrongdoing by the JFT, Stout and her co-conspirators has harmed recruiting and membership retention in the State of Mississippi.

37. The contract contains the following provision to “resolve” the delinquent payments by the JFT to the AFT-MS: “Beginning July 1st, 2020, in addition to its current monthly per capita payments to AFT for AFT and AFT Mississippi per capita, JFT shall pay . . . to AFT Mississippi \$1,195.35 per month to (sic) for a total of 96 months.” *See*, the Agreement, Exhibit G, at pg. 2. Through this agreement, JFT will repay the AFT-MS \$114,753.60 over 8 years, with no penalty, no interest, and no enforcement mechanism.

38. To date, the JFT has not made a single payment to the AFT-MS on this contract.

39. The alleged contract does not even pay all of the amounts due for delinquent payments, falling short of the contract’s own stated \$114,754 balance which is owed to the AFT-MS.

40. As such, the Agreement allows the JFT to actually financially gain from their own financial misconduct and/or mismanagement. The AFT-MS did not, and does not, consent or agree to this Agreement which they did not sign and were not consulted with in the drafting process.

41. It is also particularly troubling that the Agreement contains no provision for AFT-MS to even enforce the debts owed to them, especially considering that in the months since the Agreement was signed, the AFT-MS has received none of the amounts promised in the Agreement.

42. More importantly, the Agreement fundamentally fails to resolve the root problem of the financial issues facing the JFT and its members: Akemi Stout. Under this agreement, the AFT is allowing the individual, who was confirmed through a forensic audit to have embezzled

significant sums of money from the JFT and its members, to not only remain as President of the JFT, but be entirely forgiven her misconduct without question (without the AFT-MS's consent or approval).

43. On August 7, 2020, the AFT-MS sent a letter to the National AFT objecting to this agreement, but similar to the prior efforts the requests were ignored. *See* Correspondence to AFT, Aug. 7, 2020, attached hereto as "Exhibit H."

44. Fearing that certain persons within the AFT were not properly advising the new AFT President of these developments, or worse, redirecting the AFT-MS's concerns to Johnson and other supporters of Stout, the AFT-MS sent a letter directly to National AFT President, Randi Weingarten to step in and resolve this issue. *See* Letter to Weingarten, Aug. 11, 2020, attached hereto as "Exhibit I."

45. Unsurprisingly, Johnson contacted the AFT-MS to respond to the letter and again told the AFT-MS that nothing would change.

46. At this point, neither Weingarten nor any official from the AFT has addressed the concerns of the AFT-MS. In short, the AFT, Loretta Johnson and other John/Jane Does swept Stout's wrongdoing (revealed by the AFT's forensic audit) under the proverbial carpet, thereby depriving the AFT-MS of a significant amount of money (over \$114,754 and growing), as well as effectively harming the JFT's members and harming the public's general confidence in the AFT within Mississippi.

47. On September 23, 2020, there was a conference between AFT-MS and National AFT to discuss this issue, but it again failed to resolve or taken any action to address the AFT-MS's grievances.

48. To correct the prior abuses and retrieve the monies wrongfully withheld by the JFT (which are apparently now being paid to the AFT), the AFT-MS is required to take legal action to enforce its rights.

COUNT I – DECLARATORY JUDGMENT ON THE VALIDITY OF THE AGREEMENT

49. Plaintiffs hereby incorporate all previous allegations as if fully set forth herein.

50. The JFT and National AFT entered into “Agreement to Credit Delinquent Per Capita Dues” (“the Agreement”) in an attempt to settle delinquencies and disputes between the JFT and its parent unions, the AFT-MS and AFT. *See* Agreement, Exhibit “G.”

51. The Agreement had absolutely no input from the AFT-MS, thus there was no meeting of minds as to the AFT-MS.

52. The Agreement was not signed or consented to by the AFT-MS or any of its representatives. In fact, the AFT-MS was not even aware of the Agreement’s existence until after it was executed by the JFT and National AFT.

53. Neither the JFT or AFT have the authority or agency to enter into binding agreements on behalf of the AFT-MS.

54. The Agreement attempts to settle the delinquencies owed by the JFT to the AFT-MS, but there is no offer, consideration, or acceptance by the AFT-MS.

55. The form of the Agreement takes monies owed to the AFT-MS and transfers those to the AFT, thereby unjustly enriching the AFT for monies owed to the AFT-MS.

56. The Agreement is void as a matter of law, as the elements to create a valid contract were not present between the parties upon which a duty is imposed.

**COUNT II – (JFT AND AKEMI STOUT) BREACH OF FIDUCIARY DUTY OR ALTERNATIVELY,
BREACH OF CONTRACT WITH AFT-MS**

57. Plaintiffs hereby incorporate all previous allegations as if fully set forth herein.

58. The JFT has consistently failed to follow their Local's Constitution, including but not limited to their duties to the AFT-MS, which has caused the JFT and its President Akemi Stout, to fall severely delinquent in their per capita dues, and have refused to correct the illicit conduct of the JFT President and/or its Treasure/Secretary who know or should have known of this misconduct.

59. The Charter and Constitution requires JFT to pay per-capita dues to the AFT-MS and AFT. *See* JFT Constitution, attached hereto as Exhibit J, at Article X, Section 6(C) ("The duties of the Treasurer shall be: To forward all per capita dues and current membership lists to the state and National offices of the American Federation of Teachers and to other affiliated organizations to keep this Federation in good standing at all times.).

60. The JFT failed to follow its own safeguard provisions in the JFT Constitution to stop the mismanagement of funds, including:

- d. Article VIII, Section 10, requiring: "Executive Board approval [] for unforeseen expenditures in excess of (\$400.00) four hundred dollars.
- e. Article X in the un-numbered paragraph below Section 1(F) states that: "The President cannot encumber the Federation or the Executive Board or otherwise commit them to a course of action whether in word or deed relative to the expenditures or funds or the inclusion of contracts without a majority vote from said Executive Board. Except as per Article VII. Section 10." *Id.*

61. As described thoroughly in the AFT Management Report (Exhibit D), the JFT has extensively failed to follow any procedures or safeguards to prevent the extensive financial mismanagement that has occurred.

62. The JFT, and its President, Akemi Stout, had a fiduciary duty to its members (including but not limited to Bender), and to those it owed money to, including AFT-MS, to manage its finances to meet their monetary obligations thereto.

63. JFT and its President, Akemi Stout, have refused to meet their monetary obligations, or take any steps to remedy the problems preventing these obligations from being met and personally profited through illegal means as reflected in the report.

64. If the relationship between JFT and AFT-MS is construed as being a contractual rather than a fiduciary relationship, the JFT is contractually obligated to pay per capita dues pursuant to its contractual relationship with AFT-MS.

65. Due to JFT's breach of fiduciary duty and/or Breach of Contract, the AFT-MS has incurred direct damages of at least \$114,754 plus interest and fees, plus additional amounts to be shown at trial.

COUNT III – (RANDI WEINGARTEN AND LORETTA JOHNSON) BREACH OF FIDUCIARY DUTY TO AFT-MS PURSUANT TO 29 U.S.C. 501

66. Plaintiffs hereby incorporate all previous allegations as if fully set forth herein.

67. Section 29 of the United States Code Section 501 reads, in relevant part, as follows:

The Officers, agents, ... and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group. It is, therefore, the duty of each such person, taking into account the special problems and functions of a labor organization, to hold its money and property solely for the benefit of the organization and its members and to manage, invest, and expend the same in accordance with its constitution and bylaws and any resolutions of the governing bodies adopted thereunder, to refrain from dealing with such organization as an adverse party or in behalf of an adverse party in any matter connected with his duties and from holding or acquiring any pecuniary or personal interest which conflicts with the interests of such organization, and to account to the organization for any profit received by him in whatever capacity in connection with transactions conducted by him or under his direction on behalf of the organization.

29 U.S.C. § 501(a).

68. Randi Weingarten and Loretta Johnson are/were elected officials within the National AFT and are therefore in positions of trust and owed a duty to all members of National AFT and its affiliates.

69. AFT-MS and JFT are locals of the National AFT.

70. Throughout 2019 and 2020, Bender individually as a Member of the JFT and as President of the AFT-MS requested help from Johnson and the AFT in resolving the serious financial hardships the AFT-MS was having as a result of delinquent payments from the JFT.

71. Bender as a Member of the JFT, and as President of the AFT-MS similarly sought assistance from Johnson and the AFT for many other issues which were being created by Stout and the JFT including:

- 1) Stout and the JFT advising Members that they were the actual American Federation of Teachers Mississippi,
- 2) Stout used AFT-MS signs and marketing materials at their own membership drives,
- 3) Stout and the JFT representing themselves in the public as the parent organization and/or AFT-MS to the public and elected officials in Mississippi, and
- 4) Stout and the JFT attempting and/or actually attending formally scheduled events while not in good standing, but voting and/or attempting to vote while not in good standing.

72. During the entirety of this time, Johnson, the AFT and others within the AFT ignored their contractual and fiduciary duties to the detriment of the AFT-MS.

73. Not only did the AFT, through Johnson, negotiated and then enter a void contract with JFT, but their unlawful attempt to resolve the issue, to the detriment of the AFT-MS, fails to resolve the root of the financial issues at JFT: the financial misconduct committed by Akemi Stout and any other unnamed co-conspirators.

74. Despite attempting to enter the void contract for JFT to pay back delinquencies to the AFT (for the alleged benefit of the AFT-MS) the JFT has yet to pay the AFT-MS anything under the alleged contract.

75. The AFT, through the conduct of Randi Weingarten and Loretta Johnson, continues to condone and support the JFT actions, despite its delinquencies, and that it is not in good standing according to the AFT-MS Constitution.

76. The AFT, as parent union to their locals, has a fiduciary duty to enforce its constitution as well as to not frustrate the enforcement of terms of its local's constitutions. The AFT has a duty to also work with its member unions to resolve issues in a timely manner and not to interfere with its member local's duties. The AFT and Johnson have failed to do so.

77. Additionally, the AFT has created a specific fiduciary duty by secretly interjecting themselves into a dispute between the JFT and the AFT-MS functionally interfering with a contractual relationship to the detriment of the AFT-MS, thereby violating their fiduciary duties.

78. Pursuant to 29 U.S.C. § 501(b), the AFT-MS requested that the AFT and/or its governing officers to bring legal action against JFT to recover the damages suffered by AFT-MS, secure an accounting from JFT, or obtain other appropriate relief; and then show that, even after receiving the request for the assistance referenced *supra*.

79. The AFT refused or failed to provide the appropriate relief within a reasonable time. *See generally* 29 U.S.C. § 501(b).

80. AFT-MS has satisfied the requirements of 501(b) by providing numerous notices to AFT of the misfeasance and/or blatant and improper misconduct for the better part of two (2) years.

81. The only “actions” taken by AFT was an audit (which took nearly a full year to obtain) and the creation of an invalid contract where the only parties who benefited were Stout, the JFT and AFT, to the detriment of the AFT-MS, Bender and its Members.

82. The AFT and its board of directors owed a fiduciary duty to AFT-MS and/or Mrs. Bender to prevent the misconduct that Stout and the JFT have committed. However, the AFT and its board of directors have condoned and/or sanctioned the misconduct to the detriment of AFT-MS, Bender and its Members.

83. The AFT and its board of directors actively disregarded its fiduciary obligations to AFT-MS, Bender and its Members in favor of assisting the local union official and her co-conspirators who openly embezzled money from JFT, JFT members, AFT-MS AFT members, and AFT itself.

84. AFT has failed to provide any actual remedy to cure and/or deter future misconduct by JFT.

85. As such, the Plaintiffs have incurred substantial damages, fees and expenses, including attorneys’ fees in amounts to be shown at trial.

COUNT IV – BREACH OF FIDUCIARY DUTY BY TORTIOUS INTERFERENCE OF BUSINESS BY AFT NATIONAL UNDER 29 U.S.C. § 185

86. Plaintiffs hereby incorporate all previous allegations as if fully set forth herein.

87. The JFT and AFT-MS are contractually bound together by the virtue that the AFT-MS is the dominant AFT Union for the State of Mississippi.

88. The JFT is the subordinate AFT union operating with the pleasure and by the exclusive permission of the AFT-MS. This is confirmed by and through the Constitution of Jackson Federation of Teachers Paraprofessionals and School Related Personnel Local 4402, Exhibit “J.”

89. The AFT-MS is chartered and subordinate to the AFT, by and through its Constitution and By-Laws, dated February 1975, as amended February 2017. AFT-MS Constitution and By-Laws, Feb. 2017, attached hereto as Exhibit K.

90. It is undisputed that the JFT is seriously delinquent on its financial obligations to the AFT-MS, as required by the constitutions of the AFT-MS and JFT. *See* Exhibits “J” & “K.”

91. Despite clear findings of severe financial misconduct, the AFT, through Loretta Johnson, have intentionally intervened into the affairs of AFT-MS.

92. The AFT and Johnson have tortiously interfered with the JFT contractual obligations to the AFT-MS, wherein monies due to the AFT-MS by the JFT are now being paid to the AFT.

93. The AFT and JFT entered into an unlawful contract to the detriment of the AFT-MS, in an attempt to conceal the discovered misconduct and breaches of duties by the JFT and Stout.

94. The actions by Johnson, individually and in her official capacity, along with that of the AFT have financially harmed the Plaintiffs as set forth herein.

95. Because AFT is a labor organization, namely the parent organization for AFT-MS, the allegation of tortious interference will have a significant impact on labor-management relations and/or industrial peace, and its liability as a whole is triggered under 29 U.S.C § 185.

96. The AFT-MS has been damaged in the amounts of the \$114,754 owed for per capita dues, accrued interest, fees, loss of membership dues, loss of membership as well as any and all other damages as will be shown at trial.

COUNT V – UNJUST ENRICHMENT/CONSTRUCTIVE TRUST

97. Plaintiffs hereby incorporate all previous allegations as if fully set forth herein.

98. The AFT has taken only actions to assure that the JFT faces no repercussions for their conduct.

99. The (void) Agreement between the National AFT and JFT gives the JFT a generous eight (8) years to reimburse an amount less than what is owed, with no interest and no enforcement mechanism for AFT-MS to ensure payment whatsoever.

100. The void Agreement affords JFT the ability to pay the AFT for all monies owed to the AFT-MS, thereby creating a constructive trust and/or unjustly enriching the AFT with monies which are owed to the AFT-MS exclusively.

101. The actions of the AFT, Johnson, JFT and Stout, seek to reward illegal conduct and enrich the perpetrators of financial misconduct to the detriment of the AFT-MS who is now suffering financially as a direct result of this misconduct. As such, this Honorable Court should award the AFT-MS interest and/or a constructive trust for the amounts owed.

102. The AFT-MS has been damaged in the amounts of the \$114,754 owed for the per capita dues, plus any interest, fees and costs, including but not limited to legal fees, arising out of our accruing in amounts to be shown at trial.

COUNT VI. EMBEZZLEMENT (AKEMI STOUT)

103. Plaintiffs hereby incorporate all previous allegations as if fully set forth herein.

104. Between 2018 and 2019, the American Federation of Teachers Mississippi (hereinafter “AFT-MS”) began to notice cash flow problems from one of its local unions, the Jackson Federation of Teachers (hereinafter “JFT”), which services teachers in the greater Jackson, Mississippi area.

105. In late 2018, the AFT-MS notified the National AFT of this developing situation and requested it take action. The AFT told the AFT-MS it would conduct an investigation through the proper channels. However, by 2019, JFT fell over one (1) year behind in their *per capita* payments to the AFT-MS and, by default, National AFT.

106. After a year, and numerous requests to have National AFT investigate JFT and provide an accounting for its finances, the AFT completed its alleged investigation and report only after the AFT-MS obtained legal counsel demanding compliance from JFT and AFT’s general counsel.

107. The AFT’s forensic report was eventually mailed by Yhasmine Bryan, CFE, CICA, a Senior Associate Director, for the AFT Finance Office, on about January 24, 2020. *See* AFT Management Report, Jan. 24, 2020, attached hereto as Exhibit D (owing to the confidential nature of the report, it has been filed under seal).⁴ The AFT-MS incorporates its findings as if fully set forth herein.

108. Despite the report being given to Stout the report was withheld from the AFT-MS until February 24, 2020.

⁴ Notably, the report acknowledges that the JFT failed or refused to provide access to the JFT’s Quickbook’s files, therefore Ms. Bryan “prepared the financial statements after inputting the underlying data for the above period.” *Id.* This further suggests that additional items were concealed or were not provided for in the report. Bryan explains, “my review was limited by the fact that the financial data available to me consisted solely of JFTSP’s check stubs and bank statements.” *Id.*

109. The report confirmed that the JFT executive board, including and especially its President, Akemi Stout, had been misusing JFT funds for a wide range of personal expenditures including but not limited to: 1) \$7,498 unilateral increase to Ms. Stout's 401k contribution, 2) \$2,352 in unexplained ATM cash withdrawals, 3) \$1,793 in Square Cash transactions (colloquially known as "Cash App"), 4) \$3,569 in PayPal transactions, and 5) \$2,252.00 spent at various hotels, hotel restaurants and bars. *Id.* at pg. 6.

110. The forensic report detailed a number of payments to "Rod's Repair & Maintenance Services," which is allegedly a computer maintenance repair company.⁵ *Id.* at 7. JFT budgeted \$2,210, \$3,210, and \$4,800 for computer repair expenses for 2017-2019, but actually paid \$12,106, \$5,523, and \$8,457 respectively to Rod's Repair in those years.

111. The report also found that Ms. Stout's salary was \$48,379, but the JFT actually paid Stout \$60,516 for her pay in 2018. *Id.* at pg. 8.

112. The report also found numerous occasions where JFT failed to keep receipts for deposits, cash disbursements, or debit card purchases. *Id.* at pg. 6-8.

113. To date, there are still numerous reports that no one, outside of Akemi Stout, knows what JFT's money was used for.

114. Owing to this ongoing taking and utilization of money by Stout for personal expenses and enjoyment, Mrs. Bender (a member of JFT) and AFT-MS have both been harmed; and the burden of repaying to fully compensate for this harm falls squarely on the shoulders of Akemi Stout.

115. Plaintiffs have suffered injuries, financial and emotional in amounts to be shown at trial.

⁵ The President of this company, Roderick Jones, also owns another company called "Hydro Arts, LLC," whose Vice President is the Defendant, Akemi Stout.

COUNT VII. BREACH OF FIDUCIARY DUTY – FAILURE TO APPOINT AN ADMINISTRATOR

116. Plaintiffs hereby incorporate all previous allegations as if fully set forth herein.

117. Section 29 of the United States Code Section 501 reads, in relevant part, as

follows:

The Officers, agents, ... and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group. It is, therefore, the duty of each such person, taking into account the special problems and functions of a labor organization, to hold its money and property solely for the benefit of the organization and its members and to manage, invest, and expend the same in accordance with its constitution and bylaws and any resolutions of the governing bodies adopted thereunder, to refrain from dealing with such organization as an adverse party or in behalf of an adverse party in any matter connected with his duties and from holding or acquiring any pecuniary or personal interest which conflicts with the interests of such organization, and to account to the organization for any profit received by him in whatever capacity in connection with transactions conducted by him or under his direction on behalf of the organization.

29 U.S.C. § 501(a).

118. Randi Weingarten and Loretta Johnson are elected officials within the National AFT and are therefore in positions of trust and owe a duty to all members of National AFT and its affiliates.

119. AFT-MS and JFT are locals of the National AFT.

120. Throughout 2019 and 2020, Bender individually as a Member of the JFT and as President of the AFT-MS requested help from Johnson and the AFT in resolving the serious financial hardships the AFT-MS was having as a result of delinquent payments from the JFT.

121. Bender as a Member of the JFT, and as President of the AFT-MS similarly sought assistance from Johnson and the AFT for many other issues which were being created by Stout and the JFT including:

- 1) Stout and the JFT advising Members that they were the actual American Federation of Teachers - Mississippi,

- 2) Stout using AFT-MS signs and marketing materials at their own membership drives,
- 3) Stout and the JFT representing themselves in the public as the parent organization and/or AFT-MS to the public and elected officials in Mississippi, and
- 4) Stout and the JFT attempting and/or actually attending formally scheduled events while not in good standing, but voting and/or attempting to vote while not in good standing.

122. During the entirety of this time, Johnson, the AFT and others within the AFT ignored their contractual and fiduciary duties to the detriment of the AFT-MS and its members.

123. As it pertains to events similar to those perpetrated by JFT, AFT's constitution has a provision which reads, in relevant part, as follows:

In exceptional and unusual circumstances where an AFT state or local affiliate is incapable of taking adequate remedial measures on its own initiative, the AFT may establish an administratorship for the purpose of:

...

(ii) correcting financial malpractice or misappropriation or loss of funds.

See AFT Constitution and By-Laws, attached hereto as Exhibit L, P. 9, Art. VI, § 15(a).

124. The AFT, as parent union to their locals, has a fiduciary duty to enforce its constitution as well as to not frustrate the enforcement of terms of its local's constitutions. The AFT has a duty to also work with its member unions to resolve issues in a timely manner and not to interfere with its member local's duties. The AFT and Johnson have failed to do so.

125. Instead of appointing an administrator to cure the years of financial misconduct of Akemi Stout, the Defendants decided that it was not only appropriate to leave Stout in her position but to absolve her of any wrong-doing to the detriment of the Plaintiffs.

126. The AFT's decision to refuse to appoint an administrator is a breach of AFT's fiduciary duty to AFT-MS and its Members and this breach has materially affected labor management relations for AFT-MS. Namely, by extending its financial deficit cause by JFT to the point where it cannot recuperate from the same.

127. Pursuant to 29 U.S.C. § 501(b), the AFT-MS has requested the AFT and/or its governing officers bring legal action against JFT to recover the damages suffered by AFT-MS, secure an accounting from JFT, or obtain other appropriate relief; and then show that, even after receiving the request for the assistance referenced *supra*. The AFT has refused or failed to provide the appropriate relief within a reasonable time. *See generally* 29 U.S.C. § 501(b).

128. AFT-MS has satisfied the requirements of 501(b) by providing numerous notices to AFT of the misfeasance and/or blatant and improper misconduct for the better part of two (2) years. In furtherance of this assertion, AFT-MS asserts that the only "actions" taken by AFT was an audit (which took nearly a full year to obtain) confirming the misconduct and then the creation of an invalid contract where the only parties who benefited were the JFT and AFT to the detriment of the AFT-MS.

129. The AFT and its board of directors owed a fiduciary duty to AFT-MS and/or Mrs. Bender to prevent and/or stop the misconduct of the JFT and Stout. However, the AFT has condoned and/or sanctioned the misconduct to the detriment of AFT-MS, Bender and its Members.

130. The AFT and its board of directors actively disregarded its fiduciary obligations to AFT-MS, Bender and its Members in favor of assisting the local union official, and possibly her co-conspirators, who openly embezzled money from JFT, JFT members, AFT-MS AFT members, and AFT itself.

131. The AFT and its board of directors has failed to provide any remedy to cure and/or deter future misconduct by JFT, Stout and/or her co-conspirators. This is apparent by AFT's decision to leave Mrs. Stout in a position of power over JFT and its finances without any sanction despite the conclusion of the AFT's audit report.

132. By and through its actions, the AFT and its board of directors have exacerbated the injuries of AFT-MS, Bender and its Members.

133. As such, the AFT-MS has incurred substantial damages, fees, and expenses, including attorneys' fees in amounts to be shown at trial.

DAMAGES

Plaintiffs herein pray for a judgment against the Defendants as follows:

- a. A declaration that the Agreement to Credit Delinquent Per Capita Dues is void as a matter of law;
- b. \$114,754 in per capita dues owed by the JFT to the AFT-MS, plus interest, fees and costs;
- c. For punitive damages for the Defendants' intentional willful and wonton financial misconduct and intentional interference;
- d. For legal fees and expenses as provided for by the applicable instruments and/or as provided for by law;
- e. For all such general and specific relief as this Court may deem just and proper.

RESPECTFULLY SUBMITTED, this the 9th day of April, 2021.

GERALDINE BENDER, as a Member of the Jackson Federation of the Teachers PSRP, Local 4402, and in her Professional Capacity on behalf of the AMERICAN FEDERATION OF TEACHERS MISSISSIPPI, a Mississippi Non-Profit Plaintiffs


GERALDINE BENDER

As to form:

s/Stephen W. Dummer
Stephen W. Dummer, MSB 102341
Dummer Law Group, PLLC
796 Howard Avenue - First Floor
Biloxi, MS 39530
Phone: 228.392.2003
Fax: 228.392.7618
www.dlg-llc.com

STATE OF MISSISSIPPI
COUNTY OF Hinds

I, GERALDINE BENDER, as a Member of the Jackson Federation of the Teachers PSRP, Local 4402, and in her Professional Capacity on behalf of the AMERICAN FEDERATION OF TEACHERS MISSISSIPPI, a Mississippi Non-Profit, who being first duly sworn, stated on her oath that she executed this Compliant and that the matters and information contained therein are true and correct as stated therein.

Geraldine Bender
NAME

04-09-21
DATE

SWORN AND SUBSCRIBED before me, this the 9th day of April, 2021.

[Handwritten Signature]

My Commission Expires: 4/16/2023

Notary Public
[Seal]





American Federation
of Teachers, AFL-CIO

AFT Teachers
AFT PSRP
AFT Higher Education
AFT Public Employees
AFT Nurses and Health
Professionals

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Jesse Sharkey
Denise Specht
Wayne Spence
Jessica J. Tang
Ann Twomey
Adam Urbanski

Via Electronic Delivery

May 14, 2020

Geraldine Bender
President
American Federation of Teachers Mississippi (AFT-MS), Local #8022
350 W. Woodrow Wilson Avenue, Suite 3150
Jackson, MS 39213
Gbaftmspres17@aol.com; bnndare69@aol.com

RE: Request for AFT Administratorship over Jackson Federation of Teachers
Paraprofessionals School Related Personnel, AFT Local #4402

Dear President Bender,

I am in receipt of your letter dated April 28 requesting that AFT place the Jackson Federation of Teachers Paraprofessionals School Related Personnel, AFT Local #4402 (JFTPSRP) under an emergency administratorship. In that letter, you argue an administratorship is necessary “in order to prevent continued misuse of dues collected from the JFT membership,” pointing to the AFT’s financial review dated January 20, 2020 as evidence that these concerns are warranted. The letter also asserts that the failure of JFTPSRP to pay their per capita dues to AFT-MS has caused “critical cash flow shortages which is now impacting the AFT-MS’ members and its ability to solicit and retain new members.”

As you note in your letter, Article VI, Section 15(c) of the AFT Constitution sets forth the grounds for the creation of an emergency administratorship over an AFT local. This section provides that, in addition to the conditions set forth in Article VI, Section 14(a) for a non-emergency administratorship being met, the three AFT officers can unanimously authorize an emergency administratorship in “situations requiring immediate action for the purpose of securing and safeguarding an affiliate’s assets and vital records from immediate threat.” Article VI, Section 14(a) requires “exceptional and unusual circumstances where an AFT affiliate is incapable of taking adequate remedial measures on its own initiative” to correct either “a significant failure either in election procedures or representation required under the AFT or affiliate constitution(s)” or “a financial malpractice or misappropriation or loss of funds” as grounds for a non-emergency administratorship.

The allegations in your letter and the AFT’s financial review do not rise to the level of an “immediate threat” under the AFT Constitution, nor have the requisite “exceptional and unusual circumstances where an affiliate is incapable of taking adequate remedial measures on its own initiative” been shown. While AFT’s financial review did reveal significant deficiencies in JFTPSRP’s accounting and financial practices in the past, it did not raise

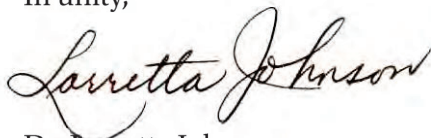
The **American Federation of Teachers** is a union of professionals that champions fairness; democracy; economic opportunity; and high-quality public education, healthcare and public services for our students, their families and our communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism, and especially through the work our members do.

Bender / Page 2

concerns about future threats to JFTPSRP's records or assets. In fact, JFTPSRP has shown a willingness to work with the AFT to implement the recommendations included in AFT's financial review and put itself on a path to repay delinquent per capita dues to both the AFT and AFT-MS. Moreover, a staff member of AFT Financial Service has been assigned to maintain oversight of JFTPSRP finances. Your letter raises no specific allegations of an urgent threat of destruction of JFTPSRP's records or assets, nor does it cause AFT to question JFTPSRP's commitment to remedial action. While delinquent per capita payments to both AFT and AFT-MS are a serious issue, an emergency AFT administratorship is not the appropriate remedy in these circumstances.

AFT will continue to work with JFTPSRP to institute the recommendations in the AFT financial review, and to fashion per capita repayment agreements for moneys delinquent to both AFT and AFT-MS. I would encourage you to work with the AFT and JFTPSRP to ensure a speedy resolution to this matter.

In unity,

A handwritten signature in cursive script that reads "Loretta Johnson".

Dr. Loretta Johnson
Secretary-Treasurer

cc: Dr. Akemi Stout, President, Jackson Federation of Teachers PSRP
Martha Taylor, Treasurer, Jackson Federation of Teachers PSRP
Tanya Cornell, Director, AFT Southern Regional Office
Tish Olshefski, Sr. Assistant to the Secretary-Treasurer, AFT Office of the Secretary-Treasurer
David Strom, AFT General Counsel
Stacey B. Johnson, Chief Financial Officer, AFT Office of the Secretary-Treasurer
Angela Thompson, Associate Director, AFT Legal Department
Michael Piccinelli, Assistant Director, AFT Legal Department

GIBSON AND MULLENNIX, PLLC

405 Tombigbee Street
Jackson, MS 39201
mullenixlaw@gmail.com
601-487-7370

May 24, 2019

Stephen Dummer
770 Water Street
Biloxi, MS 39530

Re: AFT-MS, AFT Local 8022, and JFT-PSRP, AFT Local 4402

Dear Mr. Dummer,

We represent JFT-PSRP, AFT Local 4402 in this matter, and I am writing to you concerning the letter dated May 9, 2019, sent by AFT-MS, AFT Local 8022 President Geraldine Bender to Local 4402 President Dr. Akemi Stout. You were copied on the letter - presumably as counsel for Local 8022 - so I wanted to reach out to you with a few initial concerns.

First, the letter states that Local 8022 and Local 4402 entered into "an agreement" in September 2018 where Local 4402 would pay an additional \$5,000 per month to Local 8022. This is incorrect. There was no agreement. Rather, Local 4402 offered to pay some additional money "to bring per capita payments up to speed," and Ms. Bender explicitly rejected that offer in no uncertain terms in a meeting between Ms. Bender, Ms. Stout, Tanya Cornel and Yhasmine Bryan. Ms. Bender said she could not agree to any payment plan.

Second, the letter states that Local 8022 "has not received any payment" from Local 4402 since September 2018. This is also incorrect. Local 8022 has received numerous payments from Local 4402 which do not appear to have been accounted for in the letter.

Third, the letter fails to account for the substantial "in kind" payments made by Local 4402 to Local 8022. This includes devoting significant resources in staff time, supplies, and travel to organize in locations outside Local 4402's jurisdiction on behalf of Local 8022's interests in other parts of the state. These investments were made at Local 8022's request, and by negotiation between the parties. These efforts must be accounted for in considering the financial obligations between the parties.

Fourth, the letter states that Ms. Bender has "instructed" the executive council of Local 8022 to "investigate" Local 4402 "[i]n accordance with the AFT-MS Constitution." But the Constitution does not give Ms. Bender authority to "instruct" the executive council to conduct an investigation. Art V, Sec 10 states that an investigation can be conducted only:

- a. "Upon appeal of that local's officers... or 30% or more of that local's membership," or
- b. "Upon the appeal of a two-thirds (2/3) vote of the members present at a regular meeting of the state executive council," or

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mullellaw@gmail.com
601-487-7370

-
- c. "Upon the appeal of local representing 30% of the membership of the Federation" or
 - d. "Upon the recommendation of the state federation president, providing that a majority of the executive council concurs."

To my knowledge, there has been no appeal by Local 4402's officers or membership, nor any local representing 30% of the membership of the constituent locals in Mississippi. Which means there must be an executive council vote.

The executive council can only take action at its regular quarterly meetings or at/around the convention (Art V Sec 8). Voting members include the Executive Vice President, Secretary, Treasurer, six (6) different Vice Presidents, all the local presidents in the state (there are at least six locals), in addition to two voting participant members from each local. (Art IV Secs 1, 4; Art V Secs 1, 16). Voting is recorded in the minutes. As President, Ms. Bender is generally ineligible to vote (except in the event of a tie). (Art IV Sec 4.) To my knowledge, there has been no constitutionally sufficient executive council vote authorizing this investigation.

Fifth, the letter states that Local 4402 "is no longer in 'good standing' with the AFT" meaning the American Federation of Teachers, AFT-CIO. Ms. Bender lacks authority to make the determination that Local 4402 is not in good standing with AFT. This is a determination which must come from AFT itself, not Local 8022.

Sixth, the letter states that Local 4402 is not in good standing with Local 8022. There is nothing in the Constitution of Local 8022 which gives Ms. Bender authority to make this determination which is also the responsibility of the executive council since it "shall have authority to deal with all of the affairs of the Federation in the period between conventions." There has been no duly held and recorded vote declaring Local 4402 to be no longer in good standing with Local 8022.

To conclude:

- Local 4402 has made significant and unaccounted-for payments both in money and in kind to Local 8022.
- No constitutionally authorized investigation of Local 4402 by Local 8022 is currently in effect.
- Local 4402 remains in "good standing" with all affiliate organizations, including both Local 8022 and AFT.

Local 4402 will be sending delegates to the convention. These delegates should be seated and permitted to participate fully, including in voting. I would like to discuss this matter with you further at your convenience. Please call me.

Sincerely,
William Scott Mullennix



*American Federation of Teachers- Mississippi
Paraprofessionals and School Related Personnel*

AFT-MS Local #8022

350 W. Woodrow Wilson Ave. Suite 3150 Jackson, MS 39213

Phone: 800-227-6238 Email: weraftms@gmail.com

May 9, 2019

Jackson Federation of Teachers, #4402

Attn. Dr. Akemi Stout, President

1640 Lelia Drive, Suite 120

Jackson, MS 39216

RE: Notice of Investigation into JFT Local #4402 for Non-Payment of Per Capita Payments

Dear Dr. Stout:

It has been brought to my attention that the Jackson Federation of Teachers, Local #4402 (hereinafter "JFT") has now fallen seriously behind on its monthly per capita payments which are required to be paid to the State and Federal AFT. According to our records the JFT is well over twelve months past due on its payments. In September of 2018, the AFT-MS attempted to rectify this situation by entering into an agreement between JFT and AFT-MS where JFT would pay an additional \$5,000.00 per month to bring their account current. To date, AFT-MS has not received any payment or any indication that the JFT will comply with the terms set forth in the Agreement. It is respectfully stated that this breach constitutes a total disregard for the Constitutions of the AFT, AFT-MS and JFT.

In accordance with the AFT-MS Constitution, I have instructed the Executive Committee of the AFT-MS to conduct an investigation into the finances of JFT over the past five (5) years. This investigation is necessary and pertinent because JFT has been on notice of its delinquency since April 23, 2018. Despite this notice, the JFT has not made any effort to pay its outstanding balance. Therefore, pursuant to the AFT-MS constitution, you are required to cooperate with and make available any and all documents, records, and data sought by the AFT-MS Investigators for review.

After the investigation, the Investigators will present their findings and recommendations to the AFT-MS Executive Committee. After due consideration the Executive Committee's decision will be presented to JFT. The JFT will be allotted a reasonable time to present any appeals it may have in accordance with the AFT-MS Constitution. The Executive

EXHIBIT A

"A Union of Professionals"

Committee will then present its final action to the Local and/or the National American Federation of Teachers.

In addition, because the JFT remains in violation of the AFT Constitution, AFT-MS Constitution and the JFT's Constitution by falling behind in its required per capita payments, please let this letter confirm that the JFT is no longer in "good standing" with the AFT or the AFT-MS. As a result, the JFT will no longer be permitted to have a voting representative present at any AFT-MS or AFT conventions, meetings or any other function until its standing is restored. JFT may be able to regain its "good standing" status so long as it brings current its pass-due payments. However, the bringing of an account current will not halt or inhibit the above referenced investigation into JFT.

I look forward to receiving your response confirming what date(s) you will make your data and records available for the AFT-MS investigators. The investigation must take place within thirty (30) days or AFT-MS will be required to seek additional remedies as available by the laws of the State of Mississippi. Please feel free to contact me with questions or to set up a meeting to bring JFT's account current at: (o) 228-265-4334, (c) (601) 260-1011, or by email at gbaftmspres17@aol.com.

Sincerely,



Geraldine Bender, President
American Federation of Teachers MS

cc: Stephen Dummer, Esq.



AMERICAN FEDERATION OF TEACHERS MISSISSIPPI

350 W. Woodrow Wilson Avenue, Suite 3150, Jackson, MS 39213
Office: 601-982-5100 * Cell: 228-265-4334 * Email: gbaft@neprest17@aol.com

April 28, 2020

American Federation of Teachers, AFL-CIO
Attn: Executive Council
555 New Jersey Ave, N.W.
Washington, DC 20001

American Federation of Teachers, AFL-CIO
Attn: David Strom, Esq.
555 New Jersey Ave, N.W.
Washington, DC 20001
202.879.4400

Re: Demand for AFT Administratorship over Jackson Federation of
Teachers Paraprofessionals School Related Personnel

Dear General Counsel & Executive Council,

My name is Geraldine Bender and I am the President of the AFT-MS. I have received and reviewed the AFT's Statement of Financial Position regarding the financial position of the Jackson Federation of Teachers Paraprofessionals School Related Personnel (hereinafter JFT) prepared by Yhasmine Bryan, Senior Associate Director, AFT Finance Office dated January 24, 2020. I am enclosing a copy of the report for reference. This report confirms the serious concerns which my office has expressed to the AFT on numerous occasions and which have been ignored or dismissed by the AFT's executive staff.

AFT-MS is therefore requesting that an *Emergency Administratorship* be put into place over the JFT in order to prevent continued misuse of dues collected from the JFT membership. This request is in accordance with the AFT constitution Article VI, Section 15 (c) which states in part that the AFT president is "*authorized to invoke an emergency administratorship in situations requiring immediate action for the purpose of securing and safeguarding an affiliate's assets...*"

The AFT-MS sent a request for intervention into the JFT's failure to pay their per capita in a timely manner, as far back as January 29, 2019. To this date, JFT is only paid up through January 2019. The JFT failure to pay the AFT-MS has caused critical cash flow shortages which is now impacting the AFT-MS' members and its ability to solicit and retain new members. For the AFT to survive, this is unacceptable and must be rectified immediately so that confidence can be restored in the state.

A Union of Professionals

EXHIBIT E

It is respectfully asserted that the AFT-MS' requests have not been acted upon due to preconceived ideas that the conflict between the AFT-MS and the JFT was solely based on a personality problem, as was pointed out in the March 15, 2019 meeting with Dr. Loretta Johnson and Tanya Cornell. The take-away from that meeting by both Dr. Johnson and MS Cornell was that it was a personal dispute between myself and Stout. The January 24 Report confirms that my concerns were accurate and reflects poorly on AFT leadership that allowed Stouts continued misconduct to the detriment of the JFT members and the AFT-MS. It is respectfully asserted both Cornell and Johnson recuse themselves from any further deliberations about this subject in the abundance of caution and for the sake of transparency of the AFT membership.

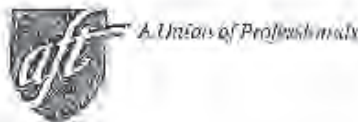
Stout and the JFT, with its current leadership, are clearly unable to conduct and manage their financial affairs. Only decisive and drastic action will rectify this situation. As such, as President of the Aft-MS, I respectfully request that you enact an Emergency Administratorship over the JFT to properly oversee JFT employees, take possession of their financial records, funds, and suspend their officers to prevent further mismanagement.

In the event that the AFT will not take the necessary steps to remedy the issues with the JFT, it is my intent to file a complaint with the Department of Labor as to JFT's breach of fiduciary duty and criminal actions. As a professional courtesy, I will give the AFT thirty days from the date of this letter to take this action before I alert the Department of Labor and National Labor Relations Board of the JFT's misconduct. Please let me know if you need anything further to take an Emergency Administratorship over the JFT.

Sincerely,


Geraldine Bender
AFT-MS President

Cc: file
Stephen W. Dunnet, Esq.



January 24, 2020

Dr. Akenai Stout, President
 And Executive Board Members
 Jackson Federation of Teachers/Paraprofessionals School Related Personnel
 AFT Local #4402
 1640 Lelia Drive, Suite 120
 Jackson, Mississippi 39216

Dear Dr. Stout and Board Members:

I have prepared the accompanying statement of the financial position of the Jackson Federation of Teachers Paraprofessionals School Related Personnel (JFTPSRP), AFT Local #4402, as of June 30, 2019, 2018 and 2017, and the related statements of changes in net assets for the fiscal years that ended. Due to the Treasurer's inability to access JFTPSRP's QuickBooks file, I prepared the financial statements after inputting the underlying data for the above period. I have reported the local's financial information on a modified cash basis.

The scope of my review was limited by the fact that the financial data available to me consisted solely of JFTPSRP's check stubs and bank statements. The disbursement transactions were traced to supporting documentation such as invoices, receipts, and logs. Receipts were traced to supporting documentation where available. During my site visits, I focused primarily on updating JFTPSRP's QuickBooks.

REVIEW OF INTERNAL CONTROLS

I noted certain matters involving the internal control process that are considered to be reportable conditions. Reportable conditions are matters that relate to significant deficiencies in the design or operation of the internal control process that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data.

Cash

JFTPSRP must monitor its cash flow to ensure that financial obligations are promptly met. The QuickBooks accounting software allows organizations to determine financial status and generate required reports quickly. The following issues were noted during my review:

- JFTPSRP had not entered any financial data into QuickBooks since June 30, 2016. As a result, I inputted financial data for the fiscal years ending June 30, 2019, 2018, and 2017 and reconciled all primary checking and savings accounts.

The American Federation of Teachers is a union of professionals (for champions of science, democracy, economic opportunity and high quality public education, health care and public services for our students, their families and their communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism) and especially through the work you members do.

American Federation
 of Teachers, AFT-USA

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- Andrew Palouso
- Paul Pucinski
- David J. Quillen
- John R. Raftery
- Timothy Specht
- Wayne Spence
- Terry Strubb
- Jessica J. Tang
- Ann Twyman
- Adrian Vaccaro

- JFTPSRP operates the organization with three bank accounts, including two checking accounts (148358533 and 500235855) and one payroll (0748580171). JFTPSRP did not provide evidence that the bank accounts were reconciled monthly, either electronically or manually. It appears that the second checking #5855 operates as a depository account for membership dues and that funds are transferred to both checking #3533 and the payroll accounts to pay monthly operating expenses. Several instances were noted where both the operating and the payroll bank account balances were significantly low or overdrawn. Account #5855 was assessed \$8,578 in bank fees for the past three fiscal years. It is normal practice for a bank to require an average monthly balance based on the business account to avoid bank fees. In reviewing the monthly checking account, #5855, it appears that JFTPSRP did not meet the average balance requirement to waive the monthly fee.

A proper bank reconciliation provides independent confirmation that all receipts and disbursements have been accurately accounted for by the bank, and facilitates the prompt detection of errors by the local. The file documentation should include both the Reconciliation Summary and Detailed Reports from the QuickBooks system. I *recommend* that a JFTPSRP's officer, such as the President or Vice President, review the Treasurer's bank reconciliations for completeness and any unusual items, investigate and fully resolve any such items, and document their approval by initialing the bank reconciliation form.

I further *recommend* that the Executive Board designate one or more of its members to utilize the monthly Treasurer's reports to conduct reasonableness reviews of disbursements for supplies, travel expenses, and other categories deemed appropriate. The Treasurer has both custodial and recordkeeping duties for the same assets. While it is understandable that complete segregation of duties is impractical in a small office with limited personnel, I believe that making some relatively minor changes would significantly improve internal controls.

Cash Receipts

- I could not locate supporting documentation for numerous APTMS and APTI bank deposits. JFTPSRP's revenue is composed primarily of members' dues, APT grants, APT reimbursements for advertisement, and APTMS assistance grants (through fiscal 2019). The APT and APTMS transactions could be traced to alternative documentation; however, other miscellaneous receipts could not.

Receipts are critical to good bookkeeping and tax returns, and are considered to be necessary evidential matter to adequately support assertions in the local's financial statements. I *recommend* that accounting processes for cash receipts be established immediately, including the retention of copies of checks payable and wire transfers to the local. Documentation of all fund transfers should include the amount transferred, the date, and signatures of both persons involved in the transfer.

Cash Disbursements

- Supporting documentation for cash disbursements should include a copy of the check, the check stubs, electronic confirmations, disbursements entry forms, and the original invoices or other documents indicating the amount owed is for legitimate business expenses. While reviewing the cash disbursements for fiscal years 2017, 2018, and 2019, which included approximately 325 transactions each year, I noted that the Treasurer maintains a separate cash disbursement journal by utilizing information from the checkbook. This practice is unnecessary and inefficient because the same information can be obtained through the effective utilization of a computerized accounting system.
- Of the 325 transactions selected for review during fiscal year 2017, I noted 120 (37%) of the disbursements did not have copies of the checks, electronic confirmations, disbursement entry forms, and supporting documentation. In addition to the lack of an adequate filing system linking disbursements to supporting documentation, I noted that supporting documents were completely missing for many transactions, particularly between July 2016 and December 2016. However, payment records from the local's checkbooks were made available for me to record the checks in QuickBooks.
- My review of the checks written to MS Central Labor Council (CLC) for the three fiscal years covered here did not have the adequate support documentation. Monthly payments to the CLC are based on total membership at a rate of 15 cents per member, which should be a part of the support documentation.
- During my review, I confirmed that Comcast provides the services for the internet and cable for the JFTPSRP's office. However, approximately \$525 was paid to Direct-TV from April 2018 through June 2018; I could not verify if this service was a valid business expense.

A properly documented disbursement file should contain canceled checks or check stubs, bank confirmations for electronic transactions, a check request form or other evidence that the disbursement is authorized, and other documentation that supports the transaction amounts, i.e., an invoice, expense log, etc. Documentation is necessary to ensure that checks are issued only for valid business disbursements. The Treasurer generally signs checks, as does the President, and both should review the supporting documentation before signing. Based on evidence of inconsistent record keeping, I am not confident that the proper review was undertaken. I recommend that original invoices or other supporting documents always accompany the check requests, and that checks be signed only after the signers review the appropriate supporting documentation.

Purchase Card

- The purchase card or PEX card is a form of organizational credit card that is issued to employees who can acquire goods and services without having to

process the transaction through the traditional purchasing procedure. The local's operating account is debited each month for \$400 (effective April 2018), and this amount is shared between the President and the Organizers. It is my understanding that the PEX card can be used for purchasing gas and other goods, and that the receipts for such purchases should be given to the Treasurer. During my review of the PEX card, however, I documented that while some receipts were on file, they could not be vouchered or reconciled to the monthly total of \$400 because there were no written procedures for doing so.

I recommend that JFTPSRP develop written procedures that clearly define the allowed uses for the PEX card for each employee and impose penalties for any fraud or abuse. Further, these procedures must be in place to implement the controls and must be monitored. For the PEX cardholders, the local should give each cardholder a spending limit that is appropriate to their positions. I strongly recommend that the PEX card should be restricted only to the purchase of gasoline.

Debit Card

- During my review, I noted JFTPSRP's use of a debit card for various disbursements, including airfare, hotel, gas, taxi, meals, rental cars, phone bills, cable, health insurance, membership gifts, etc. While the debit card provides convenience, it also opens the door for general overspending due to the failure to properly track expenditures. It should be noted that both the President and Treasurer have debit cards that are linked to the local's operating account. The Treasurer confirms that she only uses the debit card to purchase food for the office, professional development workshops, and postage.
- I reviewed transactions for each fiscal year totaling \$50,470 in 2017 (337 transactions), \$16,980 in 2018 (218 transactions), and \$16,611 in 2019 (210 transactions). Of those 765 total transactions, 420 or 55% were without supporting documentation, including 133 in fiscal year 2017, 130 in fiscal year 2018, and 157 in fiscal year 2019. With the usage of the debit card, the internal controls over the local's funds will be weakened due to the lack of officer's approval each time the card is used. Debit card transactions from JFTPSRP's bank account made without pre-approval compromise the local's ability to accurately project the amount of cash available to the local for its essential operations. If the funds are not carefully monitored (the Treasurer does not include any of the debit card purchases in her daily bank balance), these purchases could overdraw the account and, at the same time, cause the local to incur additional bank fees due to insufficient funds. JFTPSRP also faces the possibility that some systems will allow the usage of the debit card, even when there is no money in the account for purchases. The bank penalty charges can result in hefty overdraft fees.

Debit Card - ATM Withdrawals

- My examination of the local's operating bank account revealed numerous ATM withdrawals totalling \$2,352 for fiscal years 2017 (\$408), 2018 (\$1,477), and 2019

(\$467). An ATM cash withdrawal receipt does not include sufficient proof that the withdrawal was for an approved business expense and is a red flag to the IRS. Based on my analysis of the transactions and the designation of selected transactions as "business" expenses by local Officers, I have determined that the \$2,352 in transactions should be charged to Officers Receivables. The officers of the local stated that they were unaware that cash should not be withdrawn from any of the local's accounts. Based on my professional judgement, I have included this amount in Officers Receivables.

Although the local believes that the receipts from the bank acknowledging the withdrawal of the above amounts are valid receipts, such receipts only provide evidence that funds were withdrawn. At the time the local withdrew the money from the ATM machine, the machine produced a receipt that provided an electronic audit trail. Although the receipt showed the card number used to make the withdrawal, it does not, however, provide evidence that the expense was authorized. A system of good internal controls requires that supporting documentation provide clear evidence of the purpose of disbursement transactions. Prior cash withdrawal practices should not justify the Board's deviation from its fiduciary responsibility to ensure that all expenses are legitimate and properly documented. Although cash withdrawals from the bank can be an easy solution for door prizes, ups, etc., these transactions do not provide legitimate reasons for the withdrawals. I recommend that this practice be discontinued immediately due to the lack of proper documentation provided during my review.

Debit Card - PayPal

- PayPal provides organizations a quick and easy way to make and receive payments and to transfer money. While these marvels in technology make it easier, they also present challenges that must be considered and addressed before implementing this technology. It appears that the PayPal account is linked to the local's debit and credit cards. My audit procedures disclosed that JFTPSRP transferred money to vendor *Rod's Repair & Maintenance*, totaling \$10,735 for the three fiscal years under review. Of the \$10,735, \$8,096 was transferred in fiscal year 2017, \$1,830 was transferred in fiscal year 2018, and \$809 was transferred in fiscal year 2019.

Debit Card - Square Cash

- While reviewing the bank statements for the fiscal years ending 2017, 2018, and 2019, I noted that JFTPSRP also uses Square Cash to receive payments for membership and transfer funds to vendors. Square Cash for business is a mobile payment application that allows an organization to receive payments from another Square Cash user and charges a 2.75% per transaction fee. However, Square Cash places limitations on how much money the organization can receive in a given time period. My audit procedures revealed that JFTPSRP transferred funds to various vendors totaling \$1,776 for the three fiscal years under review. Of the \$1,776, \$309 was transferred in fiscal year 2017, \$82 was transferred in fiscal year 2018, and \$1,385 was transferred in fiscal year 2019. It should be noted that included in the \$1,776 were transfers via Square Cash to the amounts of \$975 to *Rod's Repair & Maintenance*, \$158 designated as Officers,

Receivables, \$80 designated as "AR," and \$75 to Trevian Strong. It should be noted that Trevian Strong has a direct relationship with the JTPSRP President. Additionally, there is no supporting documentation for the \$75 transfer to Strong explaining its purpose or demonstrating that it was approved by the Board.

Credit Card

- My audit procedures revealed that JTPSRP has also registered the local's credit card with PayPal and Square Cash. My review of the credit card transactions disclosed a total amount of \$44,520 for the fiscal years 2017 (\$11,987), 2018 (\$17,871), and 2019 (14,662). Of the 309 transactions reviewed for those fiscal years, 150 or 49% were without supporting documentation.

Credit Card - PayPal

- A transfer of \$2,990 was made to the PayPal account of Rod's Repairs. Funds were also transferred to the PayPal accounts of Long KC * ATL Transport (\$31), Ginsong (\$195), Dmdeventa (\$103), and Trevian Strong (\$250). It should be noted that the \$250 transfer to Trevian Strong was charged to Officers Receivables.

Credit Card - Square Cash

- The Square Cash Application supports the credit card for the local's Visa. Funds totaling \$1,793 were transferred to Sketches by DUR, Mesfin Limo Service, Johnny Heredia - Knickerbraker, Mr. Hicks Transportation, Higher Heights, Hillary Apparel, Willie, Sean Winters, Trevian Strong, Roderick Jones, and Istanbul Mediterranean. Included in that amount are funds totaling \$348 that were transferred to Willie (\$40), Sean Winters (\$345), Trevian Strong (\$391), and Roderick Jones (\$102). There is no supporting documentation explaining the purpose of the transfer to "Willie," nor is there any information regarding whether this transfer was to a business or an individual. The credit card company assessed advanced cash fees of \$84, as well as interest. Of the total amount of \$1,793, \$684 was charged to Officers Receivables, including Hillary's Apparel (\$131), and the amounts noted above paid to Willie (\$60), Trevian Strong (\$391), and Roderick Jones (\$102).

The local did not reconcile the debit and credit card account activities to the QuickBooks database, and, as a result, the Treasurer was not aware of the true debit and credit card account balances. There are controls an organization can implement to improve the process for handling employee debit and credit card expenses. A written credit card policy (Exhibit I) serves as the foundation of a good credit card control system. This procedure should document the established guidelines regarding reimbursement of expenses for auto, air travel, hotel, meal, entertainment, purchases of office supplies, and other items for the organization. The policy should be reviewed, signed, and approved by the Executive Board.

An internal control system will ensure that credit card payments and reimbursements are for legitimate business purposes. The following list of controls, in addition to a written policy, will help reduce the probability of overpayment and fraud in this area:

- Determine the criteria for who is eligible and would need a business credit card
- Establish monthly and overall credit limits for all employees
- Limit the number of credit card users to keep usage to a minimum
- Control the issuance and revocation of the credit cards
- Itemize and substantiate all purchases
- Submit original receipts for each item listed for reimbursement
- List the attendee's affiliation showing their business relationship to the local
- Describe the business purpose of the expense
- Prohibit the obtainment of cash advances using the credit cards
- Timely submit expense reports and credit card receipts for processing to allow for proper review and reconciliation of the expense items
- Prohibit personal use of business credit card

Failure to implement these safeguards could provide the opportunity to access union funds inappropriately as well as to allow this access to go undetected by persons with fiduciary responsibilities for the local's assets.

Vendor Audit

- Most organizations rely on vendors to supply goods and services needed to facilitate business operations. I conducted a vendor audit of Rod's Repair, doing business with JPTPSRP as Rod's Repair & Maintenance Service, Rod's Computer Repair, and Roderick Jones. I performed the audit to ensure compliance with policies, procedures, rules, regulations, and legal requirements, to identify conflicts of interest, to investigate any wrongdoing, to determine whether billings are accurate and in compliance with contract terms, and to compare budgeted cost to actual expenses.
- *Rod's Repair & Maintenance Services* is registered with the Mississippi (MS) Secretary of State and is in good standing with the state. The MS Secretary of State also confirms that Roderick Jones is the President of *HydroArcs, LLC*, with Dr. Akemi Stout listed as the Vice President of the company. Confirmation was noted that JPTPSRP and *Rod's Repair & Maintenance* have a written formal agreement. The budgeted cost for computer maintenance/repair was \$2,210 for fiscal year 2017, \$3,210 for fiscal year 2018, and \$4,800 for fiscal year 2019. In contrast, the actual costs were \$12,106, \$5,523 and \$6,457, respectively. It should be noted that the actual costs for services rendered to the local from *Rod's Repair & Maintenance* were \$13,993 (of \$13,995, \$3,000 was for Network Equipment which is depreciable), \$3,915, and \$7,900, respectively, totaling \$25,810 for the three years. For the fiscal years 2017, 2018, and 2019, the local paid a total of \$25,086 to all vendors performing computer maintenance/repair services. Of that amount, the \$25,810 paid to *Rod's Repair & Maintenance* equals 98% of the

total amount paid. In addition, the local exceeded its total budget of \$15,866 for fiscal years 2017, 2018, and 2019 combined.

A conflict of interest exists when an employee or a family member is able to benefit personally, directly or indirectly, from his or her relationship with person or organization entity conducting business with the JFTPSRP. All employees should avoid conflict, or the appearance of conflict, between their interest and the interests of the local and to avoid any situation that affects or potentially could affect his or her independent, unbiased judgment in the discharge of his or her duties to the local. Given the funds paid in *Rod's Repair & Maintenance*, I recommend that the local obtain competitive biddings for the organization's computer maintenance.

Payroll

- My examination of the payroll expenses for the President and staff of the organization incorporated the review of the Paychex's Payroll Reports, the 941s Employer's Quarterly Federal Tax Returns, the MS Employer's Quarterly Reports, and the 940 Employer's Annual Federal Unemployment Tax Returns for the fiscal years reviewed. Based on the Local's 2016-2017 budget, the amount proposed for the President's salary was \$48,379. However, the actual amount disbursed was \$60,516. Although the local uses Paychex to process its payroll, it should be noted that the following checks were disbursed to the President by the organization without deducting any payroll taxes:

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
January 10, 2017	1901	\$2,000
January 31, 2017	1911	2,000
February 16, 2017	1925	2,400
Total		\$6,400

- In addition to the additional pay, the President's salary increased from \$2,016 to \$2,426, semi-monthly, effective January 31, 2017. It should be noted that the increased salary was approved by the Executive Board, even though the local was operating at a net loss.

Accurate earnings information is vitally important to the administration of the Social Security program because an employee's earnings record is the basis for computing retirement and disability benefits. If an employee's earnings are not properly recorded, he or she may not qualify for Social Security benefits or the benefit amount payable may be incorrect. Federal income taxes are generally required to be withheld for all payments of compensation. Failure to follow this practice could result in the assessment of penalty charges against the employee for the underpayment of individual income taxes, and it could result in a potential liability to JFTPSRP. I recommend that this practice be discontinued, except for those circumstances that are clearly within the regulations where non-withholding is allowable. On an annual basis with the production of the W-2 income forms, I recommend that the Treasurer review the W-2 forms and compare them to the amounts posted in the general ledger. Major items can be verified to ensure that

the employee's status agrees with the personnel record amount at which the employee is paid, and the reasonableness of withholdings.

- The proposed budgeted salary for the Treasurer for the fiscal year 2017 was \$5,400, \$7,200 in 2018 and \$7,600 in 2019. It appears that the Treasurer's position was vacant for the first six (6) months of the fiscal year, and a new Treasurer was appointed in January 2017. Based on past practices of the local, this position is paid monthly. It should be noted, however, that the new Treasurer was paid on a semi-monthly basis, except for February 2017, during which they were paid once for the month. The salary paid semi-monthly to the Treasurer was \$450 and increased to \$600 effective June 2017. (The semi-monthly salary of \$600 was paid through December 2017 and reverted to \$600 monthly thereafter). It should also be noted that the Treasurer's salary increased in June 2018 to \$633.33 and reverted to \$600 effective January 2019. While the Treasurer's salary increased an additional \$33.33, Organizer's I salary decreased by \$33.33, effective August 31, 2018, which could not be traced to any of the Executive Board minutes for approval and was not reflected in the 2019 proposed budget. The new Treasurer's position was paid \$5,250 in 2017, \$10,833 in 2018 and \$7,400 in 2019.
- It appears that the Executive Board agreed to hire Ms. Sharon Smith, who has a direct relationship to one of the Board's Vice Presidents. It is my understanding that Ms. Smith's salary should have been \$600 monthly. Ms. Smith was paid \$600, effective August 2016 to October 2016 monthly and her salary was reduced to \$400 paid semi-monthly from April 2017 to June 2017. In July 2017 to October 2017, Ms. Smith's salary increased to \$600 semi-monthly. In December 2017, Ms. Smith was paid on a monthly basis \$600, which continued through July 2018, and then reduced to \$300 in August 2018. It should be noted that Ms. Smith was paid \$4,200 in 2017, \$9,600 in 2018 and 900 in 2019. It should also be noted that Ms. Smith's position and the position of one of the Vice Presidents, who was paid a total of \$6,000 over fiscal years 2017 and 2018, were not budgeted.

In addition to maintaining the budget, the Treasurer also prepares a financial report for the board's review at every board meeting. A regular duty of the Treasurer is to monitor the budget and continually compare actual expenses against budget expenses. Most organizations perform variance analysis on a periodic basis (i.e., monthly, quarterly, annually) in enough detail to allow the board to understand what's happening to the organization from a fiscal perspective. I *recommend* that the board analyze actual and budgeted expenses before any discussions of increases in wages for the officers and/or staff.

Disbursements of President's Healthcare

- My audit of the President's healthcare revealed that the local paid United Healthcare, Blue Cross of Mississippi, Vision Care, and Aflac. Aflac provides supplemental insurance to help pay out of pocket expenses that major medical insurance does not cover. Aflac, for most organizations, is voluntary insurance

that is usually paid for 100% by the employee. While the organization pays 100% for the President's Aflac premiums, the Organizers and Secretary pay for this insurance 100% as a deduction from their paychecks. There is no specific ERISA or Internal Revenue Code that requires an employer to offer the same employer contribution for each employee for Aflac. If an employer decides to offer different contribution amounts to different employees, the organization should take care not to give the appearance that the decision was based on unlawful discrimination. In other words, the organization should carefully consider whether there is a legitimate business reason for making the distinction and whether by doing so they are providing less favorable benefits to individuals who are protected under state and federal anti-discrimination laws.

- Insurance premiums for the President are paid by Electronic Funds Transfer (EFT) monthly from the local's checking account. Documentation to support the EFT payments made to United Healthcare, and Blue Cross of Mississippi was not available for my review. Documentation to support the EFT payments for Vision Care and Aflac was inconsistent. The budgeted amount for the President's insurance was \$9,003 for fiscal year 2017, \$3,189 for fiscal year 2018, and \$4,400 for fiscal year 2019. However, the actual cost was \$6,763 for fiscal year 2017, \$11,075 for fiscal year 2018, and \$13,233 for fiscal year 2019. The amount paid by the local for the President's insurance was \$7,486 higher than budgeted in fiscal year 2018 and \$8,833 higher than budgeted in fiscal year 2019.
- JFTSRP reimburses the Southern Regional Office (SRO) for payments made to Blue Cross /Blue Shield for the Organizers' and Secretary's medical insurance. The local reimbursed the SRO for \$16,610 (7 months) in fiscal year 2017, \$0 in fiscal year 2018, and \$3,700 (3 months) for fiscal year 2019. It should be noted that the monthly grant disbursed from AIT National to the local includes payment for the Organizers' and the Secretary's medical insurance. It should also be noted that the Secretary's last paycheck was on September 28, 2018. As of June 30, 2019, total amount due to the SRO was \$15,028 for July through September 2018 and for February through June 2019.

Strong internal control systems rely on supporting documentation. Although the above cash disbursement transactions are electronic, I recommend that two authorized signers evidence the review and approval of all disbursements for checks and electronic payments. Recurring electronic payments should require the two person approval for the initial payment setup as well as a two-person approval for changes to the recurring payment. The standard two-person approval should be required for non-recurring electronic payments as well. The local should consider adding a third person to the authorized signers' list to ensure that at least two individuals are always available for signatures. Additionally, the local should ensure that manual and electronic payments include descriptive information so that a proper audit trail is provided in the QuickBooks database.

- o During my review of the fiscal years 2017, 2018, and 2019, it came to my attention that the local's 401(k) contribution percentages (%) were different from the policy practiced and the budgets for the three years. Based on the Paychex's payroll journals, the reports revealed that the local contributed 7.2% (\$4,349), 11.6% (\$6,913), and 14.6% (\$8,742), which were based on the President's salary of \$60,516, \$57,752 and 60,000 for the three years respectively. Based on the percentages for the three years, the monthly contributions were \$363.84 from July 2016 to November 2017 and increased to \$727.68 from December 2017 and after that. However, the budgeted percentages were 9.0% (\$4,954), 4.1% (\$2,398) and 4.0% (\$2,400) for the fiscal years respectively.

- o During my inquiry regarding the increases in the actual 401(k) contribution percentages for the three years with JI/TPSRP's President, she disclosed that the former Regional Director agreed to the 9.0% increase as reflected in the 2016-2017 budget. It should be noted that I could not confirm that the percentage increases were voted on by the Executive Board in any of the available minutes. If the calculations of the President's 401(k) contributions were based on 9% of the President's salary, the amount should have been \$5,400 (9% of \$60,000), \$5,288 (9% of \$58,758) and \$5,400 (9% of \$60,000) for the fiscal years 2017, 2018 and 2019 respectively. The total actual amount contributed to the President's 401(k) by the local was \$19,994 and the total amount that should have been contributed was \$16,134, which is a difference of \$3,860 for the three years.

- o While reviewing the operating account #8533, from January 2018 and March 2018 to June 2018, the following checks cleared the bank statements:

<u>Dates</u>	<u>Check Number</u>	<u>Amount</u>
December 15, 2017	791	\$363.84
December 29, 2017	799	363.84
January 12, 2018	806	363.84
February 25, 2018	821	363.84
February 28, 2018	829	363.84
March 14, 2018	836	363.84
March 30, 2018	844	363.84
April 15, 2018	851	363.84
May 15, 2018	894	363.84
June 15, 2018	877	363.84
Total		\$3,638.40

- o The above checks represent additional contributions for December 2017 to April 2018 deposited to the President's retirement account with Fidelity. It should be noted that the \$3,638.40 was also included in the President's net pay for the same pay periods.

- o It appears that the local's contributions from December 15, 2017, to June 30, 2019, for \$363.84 each pay-period has been included in the President's net pay, confirmed by the Paychex's representative and payroll journals. It was verified

that from December 15, 2017, to June 30, 2019, which represents 38 pay periods, the President's net pay included \$13,825.92 of the local's 401(k) contributions. It should be noted that no payroll tax withholdings were deducted from \$13,825.92.

Based on the difference of the \$3,859.94 that should not have been included in the President's 401(k) contributions and the additional payments of \$3,638.40 to the President's Fidelity Retirement Fund, the total amount due to the local from the President is \$7,498.34. The \$7,498.34 is included in Officers Accounts Receivables. I recommend that the Treasurer's duties be expanded to include a semi-monthly review of the payroll journals prepared by Paychex to ensure that the President's and other staff salaries are paid in accordance to the approved budgets.

Officers Accounts Receivables

I have attached a spreadsheet (Exhibit II) showing the transactions that, based on my professional judgment, do not represent business-related matters. It is my recommendation that the JFTPSRP Executive Board discuss the \$13,323 in Officers Receivables and decides what course of actions the board needs to take. Of the \$13,323, \$2,352 for ATM withdrawals, \$840 for Square Cash, \$388 for PayPal, \$7,498 for President's 401(k) contributions and \$2,253, for other Miscellaneous charges.

Operating Budgets

JFTPSRP's "Proposed 2018-2019 Operating Budget," did not generate adequate income or cash flow to meet its operating expenses and cash flow needed to remain its status as a member in good standing with its affiliates. Actual dues income for the fiscal year 2019 had a shortfall of \$116,906 compared to the budgeted dues income. In reviewing the operating results ending June 30, 2019, I noted that actual operating expenses were less than budget expectations. To a significant degree, this was largely due to the local's per capita arrears with its affiliates. As mentioned above, only three payments were made for the Organizers' and the Secretary's medical insurance. JFTPSRP's inability to sustain an adequate cash flow to meet operating needs without risking interruption of service reflects the failure to review monthly financial statements and take into consideration outstanding payables and liabilities. JFTPSRP is frequently required to triage its cash disbursements to avoid disruption of service.

The "Proposed 2017-2018" Operating Budget for JFTPSRP's was based on the projected dues revenues of \$310,285. In analyzing the operating results for the fiscal year 2017-2018, I noted that the actual dues revenue was \$3,103 less than the budgeted amount; however, the local suffered an operating loss of \$26,806. The loss mainly can be attributed to the payroll cost of (\$24,842), over the budgeted amount.

JFTPSRP's "Approved 2016-2017 Operating Budget" was based upon projected dues revenues of \$255,047. JFTPSRP anticipates that this will increase net operating revenues by approximately \$56,989 after related per capita payments are made. In reviewing the operating results for fiscal 2017, I noted that the actual operating expenses were higher than the approved budget. Although the actual dues income was higher than projected at \$29,557, the operating loss for fiscal 2017 was \$56,002. This loss is significantly due to the excess amount over the budget in payroll (\$15,281), employee and president

expenses (\$6,602), administrative costs (\$16,377), legal fees (\$17,589), membership services (\$7,948), and conventions, meeting and workshops (\$17,931).

In addition to ensuring that the Local's mission drives all the local's programs, Executive Board members have a responsibility to assure that the organization remains financially sound. While the Treasurer has the chief responsibility for developing and tracking the budget, it is every board member's responsibility to understand the budget, the budgeting procedures, and the local financial positions. The operating budget for the Local should be based on a realistic projection of dues income. Attempting to budget expenditures and membership programs and then seeking funding is most likely to result in an operating deficit.

Cash flow

The local continues to struggle with its cash flow due to the decline in membership. As of June 30, 2019, from a cash flow perspective, JFTPSRP is eight months (November 2018 to June 2019) delinquent in its per capita payments to APT. In November 2019, the local paid three months of per capita, through January 2019. The estimated balance due to APT as of June 30, 2019, is \$72,517. The methodology used to determine the balance included the total actual per capita payments of \$28,101 for November 2018, through January 2019, February 2019 through June 2019 estimated per capita of \$44,416 was based on 389 full and 114 quarter membership as reported in January 2019. The outstanding per capita liability to APT MS is \$90,485. The total amount represents August 2018 to June 30, 2019, from a cash flow basis.

In order to improve the organization's level of operating income, indirect expenses should be curtailed. Indirect expenses constitute costs, which are indirectly made by the local, and include various expenses such as office supplies, office rent, conferences, travel, and other miscellaneous expenditures. It is vital to pay attention to controlling indirect expenses to improve the organization's net assets and cash flow.

Several cost reduction measures can be implemented by an organization to get indirect expenses under control. This includes monitoring the expenses closely, and if the expense does not directly or indirectly support the improvement of membership revenue, then the organization's leadership should consider curtailing the expenditure. For the local to experience stability with its cash flow, I am *recommending* that the local review its' overall expenditures. JFTPSRP should take advantage of credit terms, where the local can and prioritize costs according to the severity of the consequences of not paying. If possible, renegotiate the lease to lower rent, or temporarily relocate to a less expensive building/location with a lower rent while experiencing this cash flow shortage (taking in consideration relocation costs). Usually, when office variances are high, the landlord will probably prefer a reduced rent to no rent. Finally, review each payroll position to evaluate the added value that each position brings to the retention of the local membership roster. Then analyze the benefit and cost value in retaining that position.

Further, review staff capabilities for assuming dual responsibilities for some time until the Local is in a healthy cash flow position. These cost reduction measures require

complete cooperation from the local's Board members and its employees. Brainstorming with the Executive Board members and employees on innovative ways to reduce costs should be an ongoing process. JFTPSRP needs to know when lean cash flow patches are coming and plan accordingly.

Other Financial Matters

The duties of the Treasurer are especially critical since the tasks performed in this position have a significant impact on the local's cash flow. The Treasurer, on board since January 2017, is learning the duties of the treasurer and the QuickBooks accounting software. I have written procedures on recording transactions and reconciling bank statements in QuickBooks). Please see Exhibit III attached.

I recommend the following to strengthen JFTPSRP's internal controls:

- The treasurer should promptly update QuickBooks to facilitate the Executive Board's ability to quickly monitor cash flow, analyze spending, establish meaningful budgets, and compare the budgeted-to-actuals data.
- The treasurer should consistently update the Executive Board on all outstanding invoices to ensure significant liabilities can be addressed in conjunction with the Treasurer's monthly financial reports.
- The Executive Board should ensure that, at a minimum, JFTPSRP complies with the AFT Best Practices for Affiliates finances guidelines that were previously provided to the Treasurer. These guidelines encompass many of the recommendations previously made by the former AFT's auditor to strengthen JFTPSRP's internal controls.

Membership Dues Income – Return Drafts

Many of JFTPSRP's members pay dues by authorizing JFTPSRP to draft their bank accounts for specific dues amounts. When the bank cannot withdraw the funds from the member's account, the bank will return the draft to JFT and indicate whether the draft was returned due to insufficient funds, closed bank account, etc. Based on the local's Constitutional Bylaws, Article I Dues, Section 6 (amended August 25, 2011), a member can only be dropped from the membership roster after failing to pay dues for one month plus a 30-day grace period. This represents a total of 60 days that JFT continues to make Per Capita payments for members that most likely will be dropped from the rolls, depending on the member's bank account status. This procedure, although an improvement over the 90 days allowable before August 2011, impacts the local's finances. June 30, 2019, 2018 and 2017 drafts returns totaled \$9,118, \$5,957 and \$6,385 respectively.

Conclusion

During the review, I noted that all account balances require extensive reconciliation and outside collaboration to finalize financial information that is reliable. This has caused significant delays in producing financial statements at the end of each accounting period. The lack of reconciliation and the need for outside collaboration will continue

to cause delays in the financial statements as well as allow for possible irregularities if the local fails to record financial information and reconciles monthly bank statements in QuickBooks. Monthly reconciliation of financial statements will allow the Officers and Executive Board to make sound financial decisions that comport with its fiduciary duty to the organization.

The review of the local's documentation was very time consuming because of the time spent in gathering documentation as well as communicating back and forth with the local's leadership to obtain needed documentation to complete the review. Based upon the results of my observations made during the three years of JFTPSRP's reviews, JFTPSRP has a serious lack of control and direction regarding the accounting procedures, a strong system of internal controls as it relates to documentation and financial reporting, and overall fiscal management in financial reporting. In order to receive timely and better reporting of the accuracy of the local's financial statements that affect the local's ability to make decisions, I recommend additional training for the Treasurer in financial reporting and QuickBooks. Because APT has a vested interest in JFTPSRP, I am also recommending continued oversight of the local's finances by a staff member in APT Financial Service.

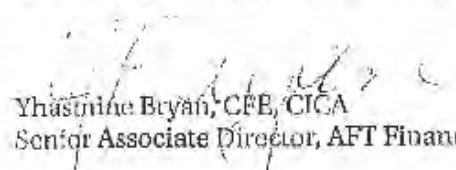
One of the most significant fiduciary duties of a local's leadership is the assurance that assets are properly safeguarded. The implementation of good internal controls is the best avenue to achieve this goal because a system of properly functioning controls provides the best opportunity for a local to detect errors and identify misappropriated funds. JFTPSRP should head in a new direction regarding accounting procedures, strong internal controls as it relates to documentation and financial reporting, and overall fiscal management in financial reporting.

I recommend that JFTPSRP move to accrual-based accounting and recording liabilities as incurred or invoices received. At the very least, the Executive Board should be presented with a listed of outstanding invoices to accompany a cash basis set of financial statements and budget status reporting.

Consequently, JFTPSRP's ability to continue to operate is contingent upon restructuring its indebtedness to APT and APT MS as well as addressing the liquidity and budget issues.

I found the internal controls over JFTPSRP's financial records still need improvement. The above recommendations should be implemented to improve JFTPSRP's internal controls as it relates to financial reporting. This report is intended for information and use of the officers of the Organization, the members of its audit review committee and its governing committee, and the officers and their designees of higher affiliated organizations.

I am not independent of the Jackson Federation of Teachers Paraprofessionals School Related Personnel, AFT Local #4402.


Yhasmine Bryan, CFE, CICA
Senior Associate Director, AFT Finance Office

cc: Martha Taylor, Treasurer, Jackson Federation of Teachers Paraprofessionals School Related Personnel
Tanya Cornell, Director, AFT Southern Regional Office
Tish Olshefski, Sr. Assistant to the Secretary -Treasurer, AFT Secretary-Treasurer Office
Stacey B. Johnson, Chief Financial Officer, AFT Secretary-Treasurer Office
Angie Thompson, Associate Director, Confidential, AFT Legal Department

Jackson Federation of Teachers/Paraprofessionals School Related Personnel
Statement of Financial Position – Modified Cash Basis
June 30, 2019, 2018 and 2017

	2019 Total	2018 Total	2017 Total
ASSETS			
<u>Current Assets</u>			
Cash	(5,595)	(7,627)	17,967
Officers Accounts Receivable	13,323	6,621	(320)
Security Deposit	2,750	2,750	2,750
Total Current Assets	<u>10,478</u>	<u>1,744</u>	<u>20,397</u>
Plant Assets, Cost	10,789	10,789	10,789
Plant Assets, Accumulated Depreciation	(9,869)	(8,889)	(7,869)
Total Plant Assets, Net	<u>920</u>	<u>1,920</u>	<u>2,920</u>
Total Assets	<u><u>11,398</u></u>	<u><u>3,664</u></u>	<u><u>23,317</u></u>
LIABILITIES			
<u>Current Liabilities</u>			
Accounts Payable	3,360	4,904	(624)
Total Current Liabilities	<u>3,360</u>	<u>4,904</u>	<u>(624)</u>
Total Liabilities	<u><u>3,360</u></u>	<u><u>4,904</u></u>	<u><u>(624)</u></u>
NET ASSETS			
Unrestricted: Unallocated	7,098	(1,240)	21,021
Unrestricted: Allocated	920	0	2,920
Total Net Assets	<u>8,018</u>	<u>(1,240)</u>	<u>23,941</u>
Total Liabilities & Net Assets	<u><u>11,368</u></u>	<u><u>3,664</u></u>	<u><u>23,317</u></u>

Notes to the financial statements are an integral part of this statement.

Jackson Federation of Teachers/Paraprofessionals School Related Personnel
Statement of Changes in Net Assets – Modified Cash Basis
June 30, 2019, 2018 and 2017

<u>Changes in Unrestricted Net Assets</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>
<u>Unrestricted Revenues and Support:</u>			
Membership Dues and Assessments	280,534	307,192	314,604
AFT Assistant	185,254	185,048	194,213
AFT Release Time - President	66,097	66,067	60,533
AFTMS - Organizing Grant	0	16,500	11,162
Affiliates Reimbursement	5,600	0	3,068
Interest Income	0	0	3
Miscellaneous Income	726	463	783
Total Unrestricted Revenues & Support	518,211	675,864	584,445
<u>Expenses and Losses:</u>			
Payments to Affiliates	155,905	204,870	223,599
Officers Salaries	67,400	70,571	70,566
Other Staff Salaries	98,168	128,599	107,301
Contributions - 401-K	7,285	7,419	8,746
Other Benefits	21,938	11,142	25,372
Payroll Taxes	12,135	15,341	13,285
Workers Compensation Insurance	1,075	1,836	3,521
Professional Fees	15,076	21,365	32,589
Office Expenses	31,803	33,835	54,004
Occupancy	41,745	35,909	26,032
Advertisement	120	0	1,780
Depreciation	1,000	1,000	657
Conferences, Conventions and Meetings	14,093	22,142	27,131
Staff Expenses	20,164	20,460	16,893
General Member Services	16,930	20,365	22,599
Relocation Expenses - Office	0	0	3,256
Interest & Penalties	821	720	61
Miscellaneous	3,320	4,370	3,922
Total Expenses and Losses	508,953	601,045	642,124
Total Operating Expenses and Losses	508,953	601,045	642,124
Net Increase (Decrease) from Operations	9,258	(25,181)	(57,679)
Net Assets, Beginning, Previously Stated	(1,240)	23,541	81,620
Net Assets, End of Year	8,018	(1,240)	23,941

Notes to the financial statements are an integral part of this statement.

JACKSON FEDERATION OF TEACHERS/PARAPROFESSIONALS SCHOOL RELATED PERSONNEL
LOCAL 4402
NOTES TO FINANCIAL STATEMENTS
As of June 30, 2019, 2018 and 2017

Note 1 - Significant Accounting Policies

Basis of Accounting

The Jackson Federation of Teachers/Paraprofessionals School Related Personnel's policy is to prepare its financial statements on the modified cash basis of accounting. The modified cash basis is a method that combines elements of the two major bookkeeping practices; cash and accrual accounting. The modified cash basis records short-term items when cash levels change (the cash basis) and records longer-term balance sheet items with accruals (the accrual basis). With the cash basis, nearly all elements of the income statement are recorded using the cash basis and with the accrual basis, fixed assets and long-term debt are recorded on the balance sheet and depreciation and amortization are recorded on the income statement. Accordingly, the accompanying financial statements are not intended to present the financial position and changes in net assets in conformity with generally accepted accounting policies.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, the Local is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Tax

The organization is a not-for-profit organization that is exempt from both federal and state income taxes under Section 501 (C) (5) of the Internal Revenue Code.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated life of the related assets.

Note 2 - Operating Lease Commitments

On September 30, 2016, the Organization signed an operating lease for 63 months, expiring on January 30, 2022. Base monthly rent is approximately \$33,000. Office rental expenses for 2019, 2018 and 2017 were approximately \$30,250, \$ 30,250 and \$22,582 respectively.

Exhibit I

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Jackson Federation of Teachers/Paraprofessionals School Related Personnel (JFT/PSRP) Credit Card Policy

The Jackson Federation of Teachers/Paraprofessionals School Related Personnel may issue a Local's credit card to certain employees for use in their jobs at the sole discretion of the JFT/PSRP Executive Board. This policy sets out the acceptable and unacceptable uses of such credit cards.

- Use of company-issued credit cards is a privilege that JFT/PSRP may withdraw at any time, with or without cause. Upon an employee's termination/resignation of employment at JFT/PSRP, all cards must be returned to the Local.
- The employee in possession of the Local's credit card is solely responsible for all purchases on the card and for ensuring that the card is not used by unauthorized personnel. Card numbers should not be distributed and saved on online accounts.
- Any credit card JFT/PSRP issues to an employee must be used for approved business purposes only. Employees with such credit cards shall not use them for any non-business purposes. Non-business purchases are considered any purchases that are not for the benefit of JFT/PSRP.
- Business-related expenses, which include *airfare, food, lodging, and parking* while on JFT/PSRP approved business travel, may be purchased on the Local's credit card as long as these purchases are consistent with this policy.
- Any business-related purchases *excluding airfare, food, lodging, and parking* must be approved before purchase. The employee must submit the purchase request in writing and receive approval in writing before making the purchase. The employee should attach a copy of the purchase approval to the receipt and submit them together when submitting the monthly Expense Report.

- The employee in possession of the credit card is responsible for receiving, printing, and retaining all receipts related to purchases made on the company credit card. All receipts must be itemized.

- Receipts need to be listed on the JFT/PSRP Expense Report. All receipts should be labeled with a description of what the purchase was for to ensure proper accounting of the purchase. Any receipts for meals or entertainment must be attached to a paper that indicates the names of all persons attending the meal or entertainment and the business purpose of such event.

- If any employee uses a company credit card for a personal purchase in violation of this policy, the cost of such purchase(s) will be considered an advance of future wages payable to that employee and will be deducted in full from the employee's next paycheck. Any remaining balance will be deducted from subsequent paychecks until the wage advance is paid in full.

- If any employee uses the Local's credit card for a non-business purchase that does not include *airfare, food, lodging, and parking* has not been approved by the Executive Board, the cost of such purchase(s) will be the financial responsibility of that employee. The employee will be expected to reimburse JFT/PSRP via deductions from payment until the unauthorized amount is paid in full.

- This policy will remain in effect as long as the employee has a credit card issued by the Local or until a new policy has been instituted specifically indicating that it is intended to be a replacement of this policy.

Policy Acknowledgment

I acknowledge that I have received a Local credit card. I have been provided with and read the Local credit card policy, and I understand that I am responsible for complying with the policy rules. I understand that violation of such policy may result in consequences, including cancellation of my card.

I further acknowledge that I understand that if I make any personal purchases in violation of this policy, the amount of such purchases is an advance of future wages payable to me, that JFT/PSRP may deduct that amount from my next paycheck, and that if there is a balance remaining after such deduction, JFT/PSRP may deduct the balance of the wage advance from my future paychecks until the amount paid in full.

I further agree that if I make any non-business transactions in violation of the policy in question, I am financially responsible for any such expenses and agree to reimburse JFT/PSRP via wage deductions until the unauthorized amounts paid in full or by direct payment of such expenses to the Local. Wage deductions will be in the amount of the unauthorized purchase(s).

Signature of Employee

Date

Printed Name

Signature of JFT/PSRP Board Representative

Date

Printed Name

EXHIBIT II

Jackson Federation of Teachers/Paraprofessionals School Related Personnel
Officers Accounts Receivables
July 2016 to June 2019

Transactions	Date	Memo	Amount
ATM Withdrawals			
	7/11/2016	ATM Withdrawal - 250 Marquette, Minneapolis, WI	104
	7/21/2016	ATM Withdrawal - 250 Marquette, Minneapolis, WI	304
	8/3/2016	ATM Withdrawal - 418 Savanna Street, Jackson, MS	23
	8/11/2016	ATM Withdrawal - 3645 Metro Drive, Jackson, MS	43
	8/17/2016	ATM Withdrawal - 4615 Clinton, Jackson, MS	183
	10/31/2016	ATM Withdrawal - Lakeland Brandi, Jackson, MS	120
	7/11/2017	ATM Withdrawal - Lakeland Brandi, Jackson, MS	49
	12/11/2017	ATM Withdrawal - 4201 Terry Road, Jackson, MS	203
	12/11/2017	ATM Withdrawal - 4201 Terry Road, Jackson, MS	103
	3/21/2018	ATM Withdrawal - Five Point, Jackson, MS	109
	3/26/2018	ATM Withdrawal - Jacksonian Ex, Jackson, MS	300
	3/28/2018	ATM Withdrawal - 1264 High Street, Jackson, MS	363
	2/7/2019	ATM Withdrawal - N. State Street, Jackson	20
	4/17/2019	ATM Withdrawal - 5267 Terry, Bysan, MS	64
	5/10/2019	ATM Withdrawal - 6743 Siwell, Jackson	403
Total ATM Withdrawals			<u>2,352</u>
Square Cash			
	2/23/2018	Sq. Cash - Hillary Apparel, Atlanta, GA	131
	8/7/2018	Sq. Cash - Willie	27
	8/8/2018	Cash Advance Fee - on Sq. Cash Willie	10
	8/7/2018	Sq. Cash - Willie	13
	8/8/2018	Cash Advance Fee - on Sq. Cash Willie	10
	12/25/2018	Sq. Cash Trevlan Strong	101
	12/26/2018	Cash Advance Fee for Sq. Cash Trevlan Strong	10
	1/15/2019	Sq. Cash Trevlan Strong	101
	1/21/2019	Cash Advance Fee for Sq. Cash Trevlan Strong	10
	12/26/2018	Sq. Cash App Rodney Jones	52
	12/26/2018	Cash Advance Fee for Sq. Cash Rodney Jones	10
	12/28/2018	Sq. Cash - Rodney Jones	81
	12/31/2018	Cash Advance Fee for Sq. Cash Rodney Jones	10
	5/3/2019	Sq. Cash Trevlan	155
	5/3/2019	Cash Advance Fee for Sq. Cash Trevlan	10
	4/26/2019	Sq. Cash - "AR"	80
	4/26/2019	Sq. Cash Trevlan Strong	75
Total Square Cash			<u>840</u>
Paypal	3/6/2019	Paypal - Trevlan Strong	250
Paypal	5/29/2018	Paypal - Willis	130
Total Paypal			<u>380</u>
President's 401-k Contribution			
Additional 401-k Contribution	12/15/2017 to 1/30/2018	Additional payments for President's 401-k contribution	3,638
Difference in President's 401-k Contrib	12/15/2017 to 6/30/2019	Difference in the President's 401-k contribution by JFT/PSA	3,860
Total President's 401-k Contribution			<u>7,498</u>
Other Miscellaneous			
	6/23/2018	Priceline Hotel Rooms	306
	4/22/2019	Bank #673 - Flowood	261
	5/21/2019	Stripe.Dom - Vitamins	50
	6/14/2019	B12/Unlimited - Website - Mailed for Hydro Arts, LLC	5
	6/15/2019	B12/Unlimited - Website - Mailed for Hydro Arts, LLC	119
	6/15/2019	B12/Unlimited - Website - Mailed for Hydro Arts, LLC	749
	5/2/2019	IP Infusion Coffee Shop Biloxi, MS	21
	5/2/2019	IP Infusion Coffee Shop Biloxi, MS	115
	5/3/2019	Rayview Cafe & Deli	35
	5/5/2019	IP Casino Resort Spa - Biloxi, MS	423
	6/4/2019	Days Inn Biloxi, MS	130
Total Other Miscellaneous			<u>2,264</u>
Total Direct Accounts Receivables			<u>13,323</u>