

U.S. Department of Labor

Office of Labor-Management Standards
Atlanta-Nashville District Office
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September 22, 2022

Mr. Kenneth Griffin, Treasurer
Guards Ind Local 46
204 Sunset Drive
Decherd, TN 37324

Case Number: 410-6023733()
LM Number: 016787

Dear Mr. Griffin:

This office has recently completed an audit of Guards Ind Local 46 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with President Paul Sanson on June 28, 2022, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 46's 2021 records revealed the following recordkeeping violations

Failure to Record Receipts

Local 46 did not record in its receipts records some employer dues checkoff deposits totaling at least \$3,085. For example, receipt deposits totaling \$1,365 for July 2021, \$1,290 for October 2021, and \$1,330 for December 2021 were not recorded in the general ledger. Union receipts

records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 46 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report, Form LM-3, filed by Local 46 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Disbursements to Officers

Local 46 did not include some reimbursements to officers totaling at least \$47.94 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54. The union must report all reimbursement to officers in Item 24.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 46 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 46 file an amended LM report for 2021 to correct the deficient items, but Local 46 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

Inadequate Bonding

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

Local 46's officers and employees are currently not bonded, but they must be bonded for at least \$3,915. Local 46 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 28, 2022.

I want to extend my personal appreciation to Guards Ind Local 46 for the cooperation and

courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



District Director