



July 26, 2019

Mr. Terry Clark, Secretary-Treasurer
Government Security Officers, IND, Local 79
219 S. Clark, Rm. 1166
Chicago, IL 60604

Case Number: 310-6015428
LM Number: 540552

Dear Mr. Clark:

This office has recently completed an audit of Government Security Officers, IND, Local 79 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 you and President Neil Maas on July 10, 2019, 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 79's 2018 records revealed the following recordkeeping violations:

1. General Expenses and Credit Card Expenses

Local 79 did not retain adequate documentation to support 23 disbursements by check totaling \$17,559.75. For example, seven monetary gifts were made to members upon their retirement totaling \$6,200. Although the audit revealed a meeting minute entry that authorized monetary gifts for retiring members, no documentation was maintained to

support the “years of service” which was used to determine the total gift amount. The union also failed to maintain supporting documentation for a \$5,000 payment to the United States Government Security Officers Association International Union for legal expenses.

Of the 23 disbursements that lacked adequate supporting documentation, 12 disbursements totaling \$6,035.75 were electronic payments to the bank that issued the union’s credit cards. The union credit cards were utilized by three union officers during the audit year. Although credit cards statements were maintained in nearly every instance, the union failed to maintain vendor receipts and invoices for some credit transactions, most of which were transactions with vendors that provided members with bottled water at the workplace.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal offices) of your union, who are required to sign your union’s LM report, are responsible for properly maintaining union records.

2. Failure to Record Receipt Source and Purpose

Local 79 did not maintain an adequate receipt record in support of the \$15,196.17 dues remittances from the International Union that were directly deposited into Local 79’s checking account during the audit year. Although, the checking account statements indicate the dollar amount and date of these receipts, the statements, nor any other union record, indicated the receipt source or purpose. The audit revealed International Batch Detail reports were received from the International Union and contained the purpose and source of the dues remittances; however, these records were not maintained by Local 79. As noted above, adequate records must be maintained to verify, explain, and clarify each receipt of funds, and show the date, amount, purpose, and source of all money the union receives.

Based on your assurance that Local 79 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

Failure to File LM-3 Report by the Due Date

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. Local 79’s fiscal year ends on December 31st, and it must file its annual financial report by March 31st of each year (or March 30th during a leap year). As of this date, we have not received the delinquent 2018 report.

The delinquent report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The report must be filed no later than

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August 9, 2019. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Government Security Officers, IND, Local 79 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,

A large black rectangular redaction box covering the signature area.A smaller black rectangular redaction box covering the name of the investigator.

Investigator

cc: Mr. Neil Maas, President