

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760
Philadelphia, PA 19106
(215)861-4818 Fax: (215)861-4819



August 8, 2007

Mr. Louis Scaringi, Treasurer
Government Security Officers
Local 12
2029 E. Cedarville Road
Pottstown, PA 19465

LM File Number 540-826

Case Number: [REDACTED]

Dear Mr. Scaringi:

This office has recently completed an audit of Government Security Officers Local 12 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 Curtis Conard, Past President [REDACTED], and you on August 8, 2007, 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 12's 2006 records revealed the following recordkeeping violations:

1. Failure to Maintain Adequate Backup Documentation:

As stated above, as a general rule, labor organizations must maintain all records used or received in the course of union business. Local 12 failed to maintain approximately \$596.15 in vendor receipts for disbursements in which the local's petty cash fund was used. In addition, the local failed to obtain a hotel receipt from the Atlantic City Spring Training Seminar held in May 2006, totaling \$840.76.

2. Lost Wages

Local 12 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,502.12. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 12 did not keep lost time vouchers which would verify the above stated specifics.

During the exit interview, I provided a sample of an expense voucher Local 12 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Meal Expenses

Local 12's records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

4. Accuracy of Disbursement Records

The disbursements itemized in Local 12's disbursements journal did not coincide or reflect the officer who was receiving an issued check from the local. For example, during the fiscal year there was a check issued to you for the amount of \$500.00 to replenish the local's petty cash fund, yet the disbursements journal implied that the check was issued to another officer.

In order for the local's Labor Organization Annual report to be accurately completed and filed with our agency, officers are responsible for maintaining records which will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report.

Based on your assurance that Local 12 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 12 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. 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 12 amended its constitution and bylaws in 2003, but did not file a copy with its LM report for that year.

2. Disbursements to Officers

Local 12 did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, the union failed to report in Item 24 (D) the total amount of lost time wage reimbursements issued to officers during the fiscal year, and in Item 24 (E), the amount of per diem

each officer was entitled to for their attendance at the Atlantic City Spring Training Seminar in May 2006.

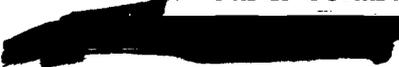
The union must report most direct disbursements to Local 12's officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 12 file an amended LM report for 2006 to correct the deficient items, but Local 12 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Government Security Officers Local 12 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Curtis Conard, President
 Past President