



June 29, 2020

Mr. Darrel Shipman, President  
UGSOA Local 337 - Security Office  
800 North Capitol St. NW  
Washington, DC 20011

Case Number: 450-6015356  
LM Number: 545189

Dear Mr. Shipman:

This office has recently completed an audit of United Government Security Officers of America (UGSOA) Local 337 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 on June 22, 2020, 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 337's 2018 records revealed the following recordkeeping violations under the tenure of previous principal officers:

#### 1) Failure to Record Receipts

Local 337 did not create and/or retain adequate records for dues deposited into the local's checking account. For example, on February 22, 2018 and July 17, 2018, two deposits totaling \$4,192.58 were received with no documentation or identifying information of the members making the payments. Union receipts records must include an adequate

identification of all money the union receives. The records should show the date and amount received, the source of the money, and for dues payments, a record of which time period dues are being paid.

## 2) Lost Wages

Local 337 did not create and/or retain adequate documentation for five lost time related expenses totaling \$2,631.32. While the local created backup documentation for lost time transactions, all of the disbursements lacked itemized receipts for mileage, tolls, and parking. Additionally, the disbursements lacked detailed documentation to match expense reports to their cash withdrawals on the bank statement. For example, on February 6, 2018, the local withdrew \$520 in cash and the local did not retain a copy of the withdrawal slip nor any record to link the withdrawal to the backup documentation of its legitimate union purpose.

## 3) General Reimbursed Expenses

Local 337 did not create and/or retain adequate documentation for nine expenses totaling \$188.37. While the local retained backup documentation for these transactions, all of the disbursements lacked itemized receipts and detailed documentation to match the expense reports to the disbursement on the bank statement. For example, on September 13, 2018, the local incurred three debit card transactions totaling \$66.95 and the local did not retain itemized receipts nor any record to link the charges to the backup documentation of its legitimate union purpose.

Based on your assurance that Local 337 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 audit disclosed a violation of this requirement by previous principal officers. The Labor Organization Annual Report Form LM-3 was not filed by Local 337 for fiscal years ending December 31, 2017, 2018, and 2019.

Local 337 must file Form LM-3 for the fiscal years ended December 31, 2017, 2018, and 2019. Local 337 may complete, sign, and file its reports electronically using the Electronic Forms System (EFS) available at the OLMS website at <https://www.dol.gov/olms/>. The Form LM-3 should be filed electronically no later than July 22, 2020. Before filing, review the reports thoroughly to be sure they are complete and accurate.

### Other Violations

The audit disclosed the following other violation:

## Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding) by previous principal officers, 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 337 held no bond during the audit year.

The audit revealed that Local 337's officers were not bonded for the minimum amount required at the time of the audit. Local 337 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 July 22, 2020.

## Other Issues

### No Regular Membership Meetings

During the audit period, previous officers did not hold executive board or membership meetings. The local union's bylaws requires a regular membership meeting under Article VII. This article empowers the membership to challenge any previous decision of the president.

You gave assurance that Local 337 will hold meetings to report disbursements and that such approval will be documented in meeting minutes.

I want to extend my personal appreciation to UGSOA Local 337 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,

cc: UGSOA International President Desiree Sullivan