



January 5, 2021

Mr. Scotty Henderson, President
Guards LU 38
PO Box 31234
Amarillo, TX 79120

Case Number: 420-6018154 [REDACTED]
LM Number: 001747

Dear Mr. Henderson:

This office has recently completed an audit of Guards LU 38 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, Treasurer Jason Owen, Vice President Orlando Madrid, Business Agent Jeremiah White, Secretary Darin Hudson, Trustee Mark Grant, Trustee Wade Blake, and Trustee John Cobb on August 14, 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 Violation

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 Guards LU 38's 2019 records revealed the following recordkeeping violation:

Rent Disbursements

Guards LU 38 failed to maintain adequate documentations to support rent payments totaling at least \$1,575.00 to Carpenters LU 665. The union will now maintain proper disbursement documentation for all union disbursements.

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

Based on your assurance that Guards LU 38 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 Guards LU 3 for the fiscal year ended December 31, 2019, was deficient in that:

1. Contribution, Grants, and Gifts

Guards LU 38 failed to properly report at least \$1,512.27 on Item 51 on the LM-3 Report. Those disbursements were reported on Item #54 Other Disbursements. The union will properly report all union disbursements.

2. Mileage Disbursements Over Reported

Mileage disbursements totaling at least \$88.00 to Scotty Henderson were over reported on the LM-3 Report for FYE 12/31/19.

I am not requiring that Guards LU 38 file an amended LM report for 2019 to correct the deficient items, but Guards LU 38 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Salary Authorization

The salary amount paid to officers was the approved net amount before deductions. The union paid the officers the net amount in addition to all deductions, resulting in the officers being overpaid. In November 2020, the membership voted and approved the salary amount to be paid as the gross amount.

Based on the union's new approval, OLMS will take no further enforcement action at this time regarding the above violation.

I want to extend my personal appreciation to Guards LU 38 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: Mr. Jason Owen, Treasurer
Mr. Orlando Madrid, Vice President
Mr. Jeremiah White, Business Agent
Mr. Darin Hudson, Secretary
Mr. Pete Ochoa, Sergeant at Arms
Mr. Mark Grant, Senior Trustee
Mr. Wade Blake, Trustee
Mr. John Cobb, Trustee