



November 11, 2021

Mr. Darian Haggins, President
Bakery, Confectionery, Tobacco, and Grain Workers
Local 366
P.O. Box 7323
Edmund, OK 73083

Case Number: 420-6022306()
LM Number: 505439

Dear Mr. Haggins:

This office has recently completed an audit of Bakery, Confectionery, Tobacco, and Grain Workers Local 366 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 Financial Secretary Chad Baugh on October 6, 2021, 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 Local 366's 2020 records revealed the following recordkeeping violation:

Lost Wages

Local 366 did not retain adequate documentation for lost wage reimbursement payments to union officers and stewards totaling at least \$7,911. 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.

Based on your assurance that Local 366 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 Local 366 for the fiscal year ended December 31, 2020, was deficient in the following areas:

1. Professional Fees

Local 366 paid \$27,809 in professional fees, but reported \$34,341 on the LM-3. The local over reported the disbursements for professional fees by \$6,532.

2. Office and Administrative Expense

Local 366 did not include disbursements totaling \$10,043.32 to Inklings Design for sweatshirts and mugs on the LM-3. The audit disclosed that Local 366 did not report the disbursements in Item 48 Office and Administrative Expense.

Local 366 must file an amended Form LM-3 for the fiscal year ended December 31, 2020, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than November 30, 2021. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issue

IRS Form 1099

Local 366 disbursed per diem to several officers, who were not in travel status, totaling \$1,150 but did not report those payments on their respective IRS Form 1099. Officer's wages and allowances should be reported on their 1099.

I want to extend my personal appreciation to Bakery, Confectionery, Tobacco, and Grain Workers Local 366 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,

[REDACTED]

Senior Investigator

cc: Mr. Chad Baugh, Financial Secretary