



March 3, 2022

Mr. [REDACTED], President
Government Security Officers Local 883
[REDACTED]

Case Number: 530-6022816([REDACTED])
LM Number: 545576

Dear [REDACTED]:

This office has recently completed an audit of Government Security Officers Local 883 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 March 29, 2022, 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 883 2020 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 883 did not retain adequate documentation for reimbursed expenses and credit and/or debit card expenses incurred by former Local 883 president John Foster, Local 883 treasurer David Tracy, and/or Local 883 vice president Marc Johnson totaling at least \$14,720.83 as indicated in the following disbursements:

Date	Amount	Bank Statement Record
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2/20/20	\$1,100.87	Office Depot
3/8/20	\$760.67	QuickBooks
3/29/20	\$605.49	Unions America
9/11/20	\$1,167.97	Costco
11/5/20	\$6,698.62	Custom Link (union apparel)
9/11/20	\$1,167.97	Costco
12/27/20	\$852.16	Custom Link (union apparel)
12/29/20	\$1,516.61	Best Buy
12/29/20	\$850.47	Amazon
	\$14,720.83	Total

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.

2. Meal Expenses

Local 883 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,225.80, the examples of which are detailed as follows:

Date	Amount	Bank Statement Record
02/14/2020	\$112.29	BJS Restaurant
03/08/2020	\$123.31	Carne Aqui
03/19/2020	\$220.00	Cheesecake Factory
06/26/2020	\$92.00	Carne Aqui
06/30/2020	\$132.11	Adobe PDF pack
08/14/2020	\$115.50	BJS Restaurant
08/23/2020	\$73.17	Five Guys
09/13/2020	\$75.00	Warthog BBQ
10/09/2020	\$121.93	Zeeks Pizza
11/03/2020	\$70.89	Five Guys
12/24/2020	\$89.60	Red Robin
	\$1,225.80	Total

The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

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.

3. Failure to Record Receipts

Local 883 did not record adequate detail receipt records illustrating deposits into Local 883's checking account totaling at least \$280.86, detailed as follows:

Date	Amount	Bank Statement Record
05/14/2020	\$14.28	Deposit
07/22/2020	\$105.79	Deposit
11/04/2020	\$160.79	Deposit
	\$280.86	Total

Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Information not Recorded in Meeting Minutes

During the audit, you provided OLMS with the Local 883 Bylaws which state in Article XIII Section 8: "The expenditure of funds in excess of \$500 shall require the approval of the General Membership, provided the spending is outside the membership approved operational budget."

Local 883 records for the audit period did not include an operating budget or meeting minutes to record membership approval for disbursements in excess of \$500. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 883 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 883 for the fiscal year ended December 31, 2020 was deficient in the following areas:

1. Disbursements to Officers

Local 883 did not include \$50 monthly stipends paid to LU 883 officers John Foster and Marc Johnson or LU 883 officers' debit card purchases for meals, union apparel, office equipment, etc. totaling at least \$15,978.66 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 "Office and Administrative Expenses," Item 49 "Professional Fees," and/or Item 54 "Other Disbursements."

The union must report most direct disbursements to Local 883 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).

2. Disbursements to Employees

Local 883 did not include payments to non-officers totaling at least \$2,703.36 in Item 46, which appears to have been erroneously recorded in Item 48 "Office and Administrative Expenses" and/or Item 54 "Other Disbursements."

Labor Organizations are required to report in LM-3 Report Item 46 "all salaries, allowances, travel advances which are not considered loans as explained in the instructions for Item 18 (Loans), and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc.) to employees of your organization during the reporting period. Include disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them."

Local 883 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 April 30, 2022. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), 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 883's officers and employees are currently bonded for \$10,000, but they must be bonded for at least \$17,728.64. Local 883 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 April 30, 2022.

2. 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

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constitution or bylaws. Local 883 amended its constitution and bylaws in 2018, but did not file a copy with its LM report for that year.

As agreed, Local 883 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than April 30, 2022.

I want to extend my personal appreciation to you 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]

Investigator

cc: [REDACTED] Treasurer