

U.S. Department of Labor

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May 7, 2009

Mr. William Morrison, President
Court Security Officers Association (CSOA)
P.O. Box 17421
Worcester, MA 01601-7421

LM File Number 542-323
Case Number: [REDACTED]

Dear Mr. Morrison:

This office has recently completed an audit of CSOA 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 Mr. Guy Baillargeon on Friday, May 1, 2009, 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 CSOA's 2007 records revealed the following recordkeeping violations:

1. Disbursements to Officers for Travel and Expenses

CSOA did not maintain sufficient records to verify amount and union purpose of at least \$5,184.45 in disbursements to its officers for travel and miscellaneous expenses. The union must keep a record, such as meeting minutes, to show the authorized amount of any travel advances and must maintain receipts, invoices, or vouchers necessary to account for the date, amount, and union purpose of expenditures. According to Form LM-3 Instructions, travel advances to officers and employees of your organization should be considered loans unless the amount of an advance for a specific trip does not exceed the amount of expenses reasonably expected to be incurred for official travel in the near future, and the amount of the advance is fully repaid or fully accounted for by vouchers or paid receipts within 30 days after the completion or cancellation of the travel. CSOA records did not contain any documentation which would explain how travel advances to officers had been spent.

2. General Expenses

CSOA did not retain any explanatory documentation for general expenses totaling at least \$2,866.67. For example, CSOA did not have any receipts for \$650 paid to Tax Prep Accountant Solutions in April 2007 and \$283.35 to Embassy Suites in August 2007.

As previously 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.

3. Meal Expenses

CSOA did not require officers and employees to submit sufficiently detailed receipts for meal expenses totaling at least \$1,714.03. 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.

CSOA records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, in June 2007, CSOA spent \$640.78 at Demello's Floating Restaurant and Marina and records provided only the vague description of "Maine meeting." 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. Failure to Accurately Record Receipts and Disbursements

CSOA did not record in its receipts records some employer dues check-off checks and member initiation fees totaling at least \$2,982.50. For example, the union failed to record a deposit of \$1,560.00 on March 19, 2007. Union receipts 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.

The union also failed to accurately report expenses in relation to a trip that union officers took to Vienna, Virginia in August 2007. CSOA's records over-reported the amount of funds paid out for this trip by at least \$1,135.70. Your organization must maintain a correct record of disbursements, including the date of the expense and the amount actually paid out by the union.

5. Information not Recorded in Meeting Minutes

During the audit, Mr. Baillargeon advised OLMS that the executive board authorizes union expenses, particularly travel expenses, at its meetings; however, the minutes of the meeting do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. CSOA did not maintain adequate

documentation to substantiate the union purpose and authorization for at least \$3,866.45 in expenses for travel, union functions, and general operating expenses.

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

The proper maintenance of union records is the personal responsibility of the individuals who are required to file CSOA's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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 CSOA for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers

CSOA did not include some reimbursements to officers totaling at least \$1,485.67 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to CSOA 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. Cash Reconciliation

The figure reported by union in Item 55 (Total Disbursements) is at least \$5,348.30 less than the actual amount of funds expended by the union during the audit year; therefore, it appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

CSOA must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. OLMS provided Mr. Baillargeon with a blank form and instructions, and advised that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than Monday, May 18, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures. As was also discussed in the exit interview, please submit to this office your union's LM-3 for the fiscal year ending December 31, 2008, in conjunction with the amended report no later than May 18, 2009.

I want to extend my personal appreciation to CSOA 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,

Mark Letizi
District Director

cc: Mr. Guy Baillargeon, Treasurer