



March 11, 2014

Mr. Wayne Trager, President  
BCGTM Local 369  
P.O. Box 188  
Danube, MN 56230

Case Number: 320-6000555 [REDACTED]  
LM Number: 506934

Dear Mr. Trager:

This office has recently completed an audit of Bakery, Confectionery, Tobacco Workers and Grain Millers Local 369 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 Secretary-Treasurer Alan Grosklags on March 10, 2014 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 369's 2012 records revealed the following recordkeeping violations:

1. Receipt Dates, Source and Amounts not Recorded

Local 369 did not keep a record that reflected the date the union received money. Instead the local maintained a "monthly reconciliation" record that identified receipts for the month

in one total without dates showing when the money was received, the individual amount of each receipt or the source of the income. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

## 2. Lack of Salary Authorization

Local 369 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported.

The audit revealed that officers receive quarterly salaries ranging from \$315 to \$375. In addition to his quarterly salary of \$375, Secretary-Treasurer Grosklags also receives additional salary that is one-half of one percent of all quarterly deposits. He also receives an additional \$150 to complete the LM-3 report. Mr. Grosklags advised that salaries were authorized and approved by the membership at a membership meeting, but he was unable to locate documentation of the current salaries in the union's meeting minutes. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 369 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 LM-3 filed by Local 369 for the fiscal year ended December 31, 2012, was deficient in the following areas:

#### 1. Disbursements to Officers and Employees

Local 369 did not report Trustee Chad Docken and payments to him or on his behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. In addition, Local 369 erroneously reported the names and payments to Kevin Fox, Kevin Herberg, Henry Leach who were delegates to meetings and contract negotiations and Steward Al Rosaasen in Item 24. The delegates are not officers according to Article III, Section 1(a) of your union's bylaws. Persons who hold non-officer positions are considered employees for LM-3 reporting purposes. Payments to employees should be reported in Item 46 (Disbursements to Employees). As noted in the LM-3 instructions,

Item 46 should 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.

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 constitution or bylaws. Local 369 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 369 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 369 file an amended LM report for 2012 to correct the deficient items, but Local 369 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to BCTGM Local 369 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. Alan Grosklags, Secretary-Treasurer