

**U.S. Department of Labor
Office of Labor-Management Standards**

San Francisco – Seattle District Office

90 7th Street, Suite 2-825
San Francisco, CA 94103
OFFICE: (415) 625-2661 / FAX: (415) 625-2662

300 5th Avenue, Suite 1290
Seattle, WA 98104
OFFICE: (206) 398-8099 / FAX: (206) 398-8090



February 27, 2015

Case Number: 530-6001061 [REDACTED]

LM Number: 018096

Mr. Greg Feere, Treasurer
Contra Costa County (CCC) BCTC
2727 Alhambra Ave., Ste 5
Martinez, CA 94553

Dear Mr. Feere:

This office has recently completed an audit of CCC BCTC 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 attorney [REDACTED] on February 17, 2015, 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 CCC BCTC's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

CCC BCTC did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Treasurer Greg Feere, totaling at least \$1,800. For example, there

was no receipt for a hotel charge of \$543 in September or for a hotel charge of \$1,304 in October 2013.

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.

2. Meal Expenses

CCC BCTC did not require officers and employees to submit itemized receipts for meal expenses totaling nearly \$200. 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.

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-2) filed by CCC BCTC for the fiscal year ended June 30, 2013, was deficient in the following areas:

1. Disbursements to Officers and Employees (LM-2)

CCC BCTC did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$3,000 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. CCC BCTC failed to report *all* officers in Schedule 11 of the LM-2, regardless of how long they held office or whether they received any payments at all. CCC BCTC only reported one officer in Schedule 11 but should report the names of all members on the executive board. The requirement from the LM-2 Instructions reads:

“Enter in (A) the last name, first name, and middle initial of each person who held office in the labor organization *at any time during the reporting period*. Include all the

labor organization's officers *whether or not any salary or other disbursements were made to them* or on their behalf by the labor organization.”

3. Statement A, Liabilities

CCC BCTC failed to report the name of each entity or individual with which the labor organization has an account payable of \$5,000 or more that is 90 days or more past due at the end of the reporting period accounts payable are those obligations incurred on an open account for goods and services rendered. As of June 30, 2013, CCC BCTC owed nearly \$50,000 in previously incurred legal fees which the organization failed to list on the LM-2 report. The labor organization must report individual accounts that are valued at \$5,000 or more and that are 90 days or more past due at the end of the reporting period or were liquidated, reduced or written off during the reporting period.

I am not requiring that CCC BCTC file an amended LM report for 2013 to correct the deficient items, but CCC BCTC has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Use of Signature Stamp

During the audit, Chief Executive Officer (CEO) Greg Feere advised that it is CCC BCTC's practice for his signature stamp to be used in an emergency. Feere indicated that the second signature is always an original signature. Article V, Section 5 of CCC BCTC's bylaws requires the CEO to issue checks for the payment of bills to be attested by the signature of a trustee and the CEO. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that CCC BCTC review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to CCC BCTC 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,



Senior Investigator