



February 25, 2019

Ms. Darlene Huntley, Secretary Treasurer
United Food and Commercial Workers Local Union 121
330 W 66th Terrace
Lynden, WA 98264

Case Number: 530-6015233
LM Number: 029770

Dear Darlene Huntley:

This office has recently completed an audit of 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 February 25, 2019, 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 121's 2018 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 121's deposit booklet reflect the date the union deposited money, but not the date money was received. 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 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. Information not Recorded in Meeting Minutes

Article VII of LU 121's Bylaws, requires that the local executive board authorize or ratify union disbursements. Local 121 did not maintain meeting minutes that reflected the executive board's approval of disbursed funds, including \$2,222.29 disbursed to purchase union t-shirts.

3. Lack of Allowance Authorization

Article VII of Local 121's Bylaws, requires the maintenance of records to verify that the local executive board authorized the monthly allowance payments made to officers, negotiators, and stewards. The union must keep a record, such as meeting minutes, to show the current allowance disbursements are authorized.

Based on your assurance that Local 121 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 121 for the fiscal year ended June 30, 2018, was deficient in the following areas:

1. Disbursements to Officers and Employees

Article VII, Section A, of LU 121's Bylaws states: "The constitutional officer of this Local Union shall be a President, Secretary-Treasurer, Recorder and four (4) Vice Presidents."

Local 121 did not report all disbursements paid to officers, which included at least 8,506.84 paid to you, \$10,327.85 disbursed to Kevin Berner (president), and \$5,554.38 paid to Dan Stevenson (vice president). It appears the union erroneously reported these payments in Item 48 or Item 54.

The union must report in Item 24 all labor organization officers and all salaries and other direct and indirect disbursements to the officers.

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 121 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year. Local 121 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 121 file an amended LM report for 2018 to correct the deficient items, but Local 2018 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Article IX, Section C, of LU 121's Bylaws states: "The signatures of two of the three trustees shall be required on all checks and all other financial documents, and the trustees shall be responsible for ensuring that all banks and other financial institutions holding funds or property of the local union are so instructed." Local 121 disburses funds by check with only one signature.
2. The union must report in Item 46 direct and indirect disbursements to individuals other than officers. Article VII, Section A, of LU 121's Bylaws identifies seven constitution officers. However, the union reported in Item 24 of the LM-3 report "Officers" payments to stewards and negotiators, which are not recognized officer positions. Payments to non-officers are to be reported in Item 46.

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,



Investigator