



April 15, 2015

Mr. Rob McArdle, President
National Border Patrol Local 2349
57 Mooers Road
Houlton, ME 04730

Case Number: 110-6002534()
LM Number: 544-269

Dear Mr. McArdle:

This office has recently completed an audit of National Border Patrol Local 2349 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 April 10, 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 National Border Patrol's 2013 records revealed the following recordkeeping violations:

1. Meal and Debit Card Expenses

Local 2349 did not retain adequate documentation for meal and debit card expenses totaling at least \$240.35. The debit expenses lacking validating receipts or documentation were for

postage, FMCS arbitration, and a charitable contribution. The local retained one meal receipt totaling \$25.89 but the receipt was not properly documented with the names of the participants or the union purpose. The receipt simply noted that it was lunch for the president and vice president. 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 restaurants where the officers or employees incurred meal expenses.

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.

2. Receipt Dates not Recorded

Local 2349 did not maintain a receipts or disbursements journal. Receipts noted on the annual financial report reflect the month money was deposited, 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 money out. 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.

3. Loans Made by the Union

Local 2349 made loans to members but failed to document the loans and repayment terms in any type of written agreement. The local must retain documentation to identify the recipient, membership status, purpose, amount, interest rate, repayment schedule, and security (if any) of each loan.

Local 2349 also made loans of \$2,500 to a single member in 2011 and 2014 in violation of 29 U.S.C. Section 503 (a) which states, "No labor organization shall make directly or indirectly any loan or loans to any officer or employee of such organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of \$2,000. Financial documents retained by the local validated that the 2011 loan was repaid in full in 2012 and \$750 of the 2014 loan has been repaid. The local has obtained a written repayment agreement of \$250 per month for the balance of the loan.

Based on your assurance that Local 2349 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 LM-3 filed by National Border Patrol Local 2349 for fiscal year ending December 31, 2013, was deficient in the following areas:

1. Cash Reconciliation

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.

2. Purchase of Investments & Fixed Assets

Local 2349 did not report the purchase of a printer totaling \$129.99 in Item 52 (Purchase of Investments & Fixed Assets). Local member [REDACTED] purchased the printer for the local and was reimbursed. It appears that the local erroneously reported the amount in Item 48 (Office & Administrative Expense). The local also failed to report the purchase in Item 29 B (Fixed Assets End of Reporting Period).

3. Disbursements to Officers

Local 2349 did not include a debit for a meal for the president and vice president totaling \$25.84 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears that the union erroneously reported these payments in Item 48 (Office & Administration Expense). The local also included a check disbursed to the president totaling \$100.10 in Item 24 (All Officers and Disbursements to Officers) that was cashed in 2013 but was actually written in December 2012.

4. Loans Made

Local 2349 made a \$2,000 loan to a member in December 2013. The loan was accurately reported in Item 53 (Loans Made) but not accurately reported in Item 26 B (Loans Receivable End of Reporting Period). The local only reported \$1,800. It appears that the total loans receivable at the end of the reporting period was reduced by subtracting a \$200 loan balance owed the beginning of the reporting period by a former member. The local was unable to collect and wrote off the remaining \$200 amount.

National Border Patrol Local 2349 must file an amended Form LM-3 for fiscal year ending December 31, 2013, to correct the deficient items discussed above. I advised you 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 May 11, 2015. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to National Border Patrol Local 2349 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Jame French, Secretary/Treasurer