



May 10, 2024

Mr. Maninder Kumar, Treasurer
Petaluma Staff Nurse Partnership
1390 North McDowell Boulevard
Petaluma, CA 94954

Case Number: 530-6027542()
LM Number: 545860

Dear Mr. Kumar:

This office has recently completed an audit of Petaluma Staff Nurse Partnership 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 President Jacqueline Bedell on April 29, 2024, 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 Petaluma Staff Nurse Partnership (PSNP)'s 2022 records revealed the following recordkeeping violations:

1. General Expenses

PSNP did not retain adequate documentation for some general union expenses to Siegel, Yee, Brunner, & Mehta for the union's attorney fees and the U.S. Treasury for payroll taxes. For

example, PSNP did not maintain attorney invoices to support at least four payments totaling \$34,133.

2. General Reimbursed and Credit Card Expenses

PSNP did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President James Goerlich totaling at least \$620.37. For example, President Goerlich was reimbursed for purchasing a union printer and items for a picket with personal funds and provided receipts, but the receipts were not legible and it could not be distinguished which expenses were for the printer and which were for the picket.

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.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that there were several unauthorized purchases made to Amazon during the audit year and some made the following year. The union did not know who was making the purchases, communicated with the bank, and received new debit cards. You indicated that this incident was documented in meeting minutes. However, the meeting minutes do not contain any reference to unauthorized expenses to Amazon or their resolution, nor was there any documentation from PSNP's bank substantiating the incident. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings, as well as the discovery of unauthorized disbursements and how they are rectified. In the future, PSNP should record specific approval for disbursements and expenses, and document any potential fraudulent purchases.

4. Lack of Authorization for Officer Expenses and Salary

PSNP did not maintain records to verify that the allowances and other payments reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. PSNP contended that meeting minutes documented hourly salary and automatic authorization for expenses less than \$500, but admitted that these minutes could not be found. The union must keep a record to show the current salary authorized by the entity or individual in the union with the authority to establish salaries as well as any blanket authorizations.

PSNP has now documented authorization for salary and disbursements less than \$500 in their most recent executive board meeting minutes.

5. Failure to Retain Receipts Records

The audit revealed that PSNP did not maintain several dues check off reports provided by Petaluma Valley Hospital. All union receipts records must be maintained. 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.

Based on your assurance that PSNP 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 PSNP for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Purchase of Investments and Fixed Assets

In the opening interview, PSNP advised OLMS that the union had purchased a printer during the audit year. The dollar amount for the purchase of the printer should have been reported in Item 52 of the LM-3. It appears this purchase was erroneously reported in Item 30.

2. Disbursements to Officers

PSNP did not report the names of some officers and the total amounts of payments to them or on their 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.

The union must report most direct disbursements to PSNP 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).

PSNP must file an amended Form LM-3 for the fiscal year ended ***December 31, 2023***, to correct the ***disbursements to officers reporting violation*** discussed above, as well as Items 17, 29, and 30. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than June 10, 2024. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Petaluma Staff Nurse Partnership 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: Ms. Jacqueline Bedell, President