



July 16, 2024

Ms. Tammy Keithley, Treasurer
Staff Nurses Association - Santa Rosa Memorial Hospital
200 Montgomery Drive
Suite B
Santa Rosa, CA 95404

Case Number: 530-6027803()
LM Number: 542946

Dear Ms. Keithley:

This office has recently completed an audit of Staff Nurses Association - Santa Rosa Memorial Hospital 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, President Peter Brackner, Vice-President Helen Cortopassi, and Board Member Keri Potteracke on July 15, 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.

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 Local SNA-SRMH for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 [LM-2](During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away Starbucks and Wicked Slush gift cards totaling more than \$11,000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Statement B, Receipts And Disbursements

SNA received and refunded \$3,000 through PayPal for but the payments and refunds were not reported on the LM-2. Under Statement B, receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization. Since Statement B reports all cash flowing in and out of the labor organization, "netting" is not permitted. "Netting" is the

offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. For example, if an officer received \$1,000 from the labor organization for convention expenses, used only \$800 and returned the remaining \$200, the \$1,000 disbursement must be reported in Schedule 11 (All Officers and Disbursements to Officers) and the appropriate disbursement Schedule 15 through 19, and the \$200 receipt must be reported in Schedule 14 (Other Receipts). It would be incorrect to report only an \$800 net disbursement to the officer.

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

SNA-SRMH did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$2,200 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 also 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. Examples of disbursements to be reported in Column (F) of Schedules 11 and 12 include all expenses that were reimbursed directly to an officer, meal allowances and mileage allowances, expenses for officers' meals and entertainment, and various goods and services furnished to officers but charged to the labor organization. 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. SNA-SRMH paid for over \$4,000 in meals to primarily executive board officers and 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.

4. Purchase of Investments and Fixed Assets

SNA-SRMH reported Purchase of Assets related to an investment account but no investment assets were purchased. Schedule 4 should not include reinvested dividends and gains if no assets were acquired. However, SNA-SRMH did purchase over \$1,000 in Fixed Assets which it did not report on Schedule 4.

5. Failure to Itemize Disbursement or Receipt (LM-2)

SNA-SRMH did not properly report "major" transaction(s) in Schedule 17. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that SNA disbursed over \$7,500 to Starbucks in April 2022 so the transaction should have been itemized.

I am not requiring that SNA-SRMH file an amended LM report for 2022 to correct the deficient items, but SNA-SRMH has agreed to properly report the deficient items on all future reports it files with OLMS.

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 SNA-SRMH's 2022 records revealed the following recordkeeping violation:

1. Meal Expenses

SNA-SRMH record of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the notation "Board working" was written next to the June 22, 2022 credit card expense from Zoftig for \$57.90; though several meals were ordered, no names were written on the receipt. There was also a receipt from Panera for \$129.76 with no business purpose or attendee names. 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 names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that SNA-SRMH will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I am not requiring that SNA-SRMH file an amended LM-2 report for 2022 to correct the deficient items, but SNA-SRMH has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Staff Nurses Association - Santa Rosa Memorial Hospital for the cooperation and courtesy extended during this compliance audit. I strongly

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Page 4 of 4

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