

**U.S. Department of Labor**

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August 11, 2011

Mr. Daniel Potoshnik, Secretary-Treasurer  
Locomotive Engineers DIV 892  
14203 183rd Avenue Southeast  
Renton, WA 98059-7652

Case Number: 540-08633(77)  
LM Number: 016095

Dear Mr. Potoshnik:

This office has recently completed an audit of Locomotive Engineers DIV 892 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 December 30, 1899, 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 Violation

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 Division 892's 2010 records revealed the following recordkeeping violation:

## Lost Wages

Division 892 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,064.96. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Division 892 maintained a payroll register book and check stubs, but these records did not identify the dates lost wages were incurred or the number of hours lost on each date.

Based on your assurance that Division 892 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

## Reporting Violation

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 Division 892 for the fiscal year ended December 31, 2010, was deficient in that:

### Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Division 892's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should enter the total of all cash on hand and on deposit, including funds held in checking accounts and savings accounts. Division 892 failed to include the cash from its savings account in the figures reported in Item 25 (Cash).

I am not requiring that Division 892 file an amended LM report for 2010 to correct the deficient item, but Division 892 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Locomotive Engineers DIV 892 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,

Andrea J. Ware  
Investigator

cc: Mr. Nick Flores, President