

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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February 27, 2009

Mr. Kenneth Hachtel, Secretary-Treasurer
Locomotive Engineers
Local Division 206
PO Box 704
Temple, Texas 76503

LM File Number 016-154
Case Number: [REDACTED]

Dear Mr. Hachtel:

This office has recently completed an audit of Locomotive Engineers Local Division 206 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 October 6, 2008, 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 Division 206's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local Division 206 did not retain adequate documentation for reimbursed expenses incurred by you and Local Chairman Lawrence Kridler. You were both reimbursed for postage, office supplies, meeting expenses, and/or mileage; however, your voucher for those reimbursements only listed the total for each category and did not list the details of each expense for which you received reimbursement.

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. Lost Wages

Local Division 206 did not retain adequate documentation for lost wage reimbursement payments to Local Chairman Lawrence Kridler totaling at least \$9,038.00. 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 the officers did not identify on the lost time voucher the union business conducted, dates, and hours.

During the exit interview, you provided a sample of an expense and lost time

voucher that Local Division 206 has recently developed to use that will satisfy this requirement. The voucher identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Failure to Record Savings Account Balance

Local Division 206 failed to record money held in the union's savings account in the union's general ledger. Union records must include adequate identification of all money the union receives. The records should show the date, the amount and the source of the money.

During the exit interview, you provided me the union's newly created general ledger which included the savings account.

4. Lack of Authorization for Past Practice

Local Division 206 did not maintain records to verify that the union's past practice to reimburse the Local Chairman \$1.00 per union member each month and to reimburse his own monthly union dues. You were not able to provide any authorization or approval for this practice. The union must keep a record, such as meeting minutes, to show the authorization for such past practice where funds are being disbursed. You also stated that effective 2008, this practice was no longer in effect. OLMS recommends that unions adopt written guidelines concerning such matters.

Based on your assurance that Local Division 206 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Locomotive Engineers Local Division 206 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: President Michael Williams