



September 19, 2011

Mr. Kurt Mullins, General Chairman
General Committee 58
Railroad Signalmen
[REDACTED]
Pandora, OH 45877-9752

Case Number: [REDACTED]
LM Number: 506939

Dear Mr. Mullins:

This office has recently completed an audit of General Committee 58 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 August 3, 2011, 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.

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

General Committee 58 officers and employees are currently bonded for \$25,000, but they must be bonded for at least \$25,356. General Committee 58 has indicated that it will obtain adequate bonding coverage for its officers and employees as soon as possible; therefore this office will take no further enforcement action regarding this issue. In the future the union needs to be aware that as the levels of assets and receipts change, the required levels of bonding coverage may also change.

Other Issues

During the audit, you advised that it is General Committee 58 practice for you as General Chairman to sign all union checks and to stamp the signature of Assistant General Chairman Bryan Buchholtz on union checks. You explained that a two signature requirement, though an effective internal control of union funds, is not practicable since the signatories are located in different states. It is therefore strongly encouraged that General Committee 58 continues its current practice of having its trustees conduct a monthly review of disbursements. Additionally, since union funds are disbursed for vacation pay, a record of vacation pay and balances should be maintained by the union and a review of this record should be a part of trustee audits.

I want to extend my personal appreciation to General Committee 58 Railroad Signalmen 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: Mr. Bryan Buchholtz, Assistant General Chairman