



November 8, 2011

Mr. William Riggin, President
Railroad Signalmen Lodge 48
906 Ridge Road
Finksburg, MD 21048

Case Number: [REDACTED]
LM Number: 001560

Dear Mr. Riggin:

This office has recently completed an audit of Brotherhood of Railroad Signalmen Lodge 48 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 28, 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.

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 Lodge 48's fiscal year ending June 30, 2010 records revealed the following recordkeeping violations:

1. Failure to Maintain Receipt Records

Lodge 48 did not retain some records associated with receipts received by the union during the fiscal year. For example, the union failed to maintain any of the deposit slips showing the deposits made to the union's account during the fiscal year. There were no documents in the union's records which could be used to itemize or detail what each deposit made to the union's bank account consisted of.

As noted above, labor organizations must retain original documentation for all receipts. 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. Meal Expenses

Lodge 48 did not require officers to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Lodge 48's records 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. 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 incurred meal expenses.

3. General Reimbursed Expenses

Lodge 48 did not retain adequate documentation for reimbursed expenses incurred by Lodge 48 officers. For example, on December 11, 2009, President William Riggin was disbursed check # [REDACTED] for \$236.20, which included reimbursement for gifts given away at a membership meeting. There was no receipt or other documentation in the union's records which detailed what was purchased or who the gifts were given to.

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.

Based on your assurance that Lodge 48 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. Lodge 48 was deficient in the following areas:

Failure to File Annual LM Reports

As noted above, LMRDA Section 201(b) requires that labor organizations file annual financial reports, LM-3 reports, accurately disclosing their financial condition and operations. This provision requires unions to file an LM-3 report within 90 days after the completion of the union's fiscal year. Lodge 48 failed to file its annual LM-3 report for fiscal years ending 2007, 2008, 2009, 2010, and 2011 as required by the LMRDA. The president and treasurer (or corresponding principal officers) of your union, are responsible for ensuring that your union's LM reports are filed timely.

Lodge 48 must file LM-3 reports for fiscal years ending 2010 and 2011 as soon as possible, but not later than November 30, 2011. Lodge 48 must also file all future reports with OLMS in a timely fashion.

Other Violations

The audit disclosed the following other violation:

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 fiscal year.

You advised that Lodge 48 officers were bonded, but were unable to produce a copy of your union's labor bond. Please provide proof of bonding coverage to this office as soon as possible, but no later than November 30, 2011.

Other Issues

One Signature on Union Checks

During the audit, you revealed that only one officer is required to sign union checks. The two signature requirement is an effective internal control of union funds. OLMS recommends that Lodge 48 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Brotherhood of Railroad Signalmen Lodge 48 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator