



January 17, 2013

Mr. Mark Maybee, Recording-Financial Secretary
Railroad Signalmen Local Lodge 216
3054 TR 1067
Tiffin, OH 44883

Case Number: [REDACTED]
LM Number: 009793

Dear Mr. Maybee:

This office has recently completed an audit of Railroad Signalmen Local Lodge 216 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 21, 2012, 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 Lodge 216's 2011 records revealed the following recordkeeping violations:

General Receipts and Disbursement Records

Railroad Signalmen Local Lodge 216 was missing certain records and/or receipts and invoices for some of its receipts and disbursements. Four months of dues checkoff record listings for the local were not in the union's records. The union must maintain itemized

receipts and/or invoices provided by merchants and vendors. 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.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. 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 Local Lodge 216 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. The Labor Organization Annual Report (Form LM-3) filed by Local Lodge 216 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Savings Account Reported As An Investment

Local Lodge 216 improperly included the \$7,515 it held in its savings account as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers savings accounts to be cash. The establishment or maintenance of a savings account or checking account is merely the holding of a repository of cash and, therefore, the local should not report such accounts as investments. Funds held in bank accounts or as certificates of deposit should be reported as cash.

2. Disbursements to Officers

Local Lodge 216 did not include some reimbursements to officers totaling at least \$78.94 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46.

The union must report most direct disbursements to Local Lodge 216 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer

traveling on union business should be reported in Item 48 (Office and Administrative Expense).

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local Lodge 216 amended its bylaws in 2008, but did not file a copy with its LM report for that year.

Local Lodge 216 has now filed a copy of its bylaws.

I am not requiring that Local Lodge 216 file an amended LM report for 2011 to correct the deficient items, but Local Lodge 216 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

During the audit, you stated that the union did not retain voided checks. Voided checks are records required to be retained under the LMRDA. In the future, Local Lodge 216 needs to ensure that it retains all voided checks in its records.

I want to extend my personal appreciation to Railroad Signalmen Local Lodge 216 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,



Senior Investigator

cc: Mr. Ed Bell, President