

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 30,2008

Mr. Thomas Craig, Secretary-Treasurer
Locomotive Engineers, IBT
Division 607
12081 Woodridge Drive
North Royalton, OH 44133

LM File Number 012-779
Case Number: [REDACTED]

Dear Mr. Craig:

This office has recently completed an audit of BLET Division 607 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 10,2008, 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 Division 607's 2007 records revealed the following recordkeeping violations:

Meal Expenses

Division 607 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$450.00. 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.

Division 607 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. For example, the receipt for Local Chairman Maher's lunch with about ETS on May 22, 2007 only lists the date and the amount of the meal. 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 or employees incurred meal expenses.

Based on your assurance that Division 607 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 Division 607 for fiscal year ending December 31, 2007, was deficient in the following areas:

Disbursements to Officers

Division 607 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

Division 607 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient item discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than January 16, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Division 607 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Single Signature on Checks

During the audit, Secretary-Treasurer Craig advised that it is Division 607's practice for him alone to sign all union checks. The Local Division Rules in Section 13(a) of the BLET Constitution require that checks be signed by the Secretary-Treasurer along with either the President, Vice President or Alternate Secretary-Treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. The use of only one signatory does not attest to the authenticity of a completed document already signed. The use of only one signatory does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Division 607 review its check writing procedures to improve its internal control of union funds.

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I want to extend my personal appreciation to BLET Division 607 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: Patrick Maher, Local Chairman, BLET Division 607