

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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January 27, 2005

Dan Klitzing  
Secretary-Treasurer  
4704 Mangrum Drive  
Santa Clara, CA 95054

Re: 2

Dear Mr. Klitzing:

This office has recently completed an audit of Locomotive Engineers Division 65 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, as Amended (LMRDA). As discussed during the exit interview with you on Wednesday, January 26, 2005, 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.

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report. Division 65 adopted by-laws on August 11, 1997, but failed to file a copy with the LM-3 report for that year. Since a copy of the by-laws was provided to this office on January 12, 2005, this violation has been remedied.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Division 65's 2003 records:

Union officers and employees failed to retain adequate documentation for all reimbursed expenses.

Documentation for lost time claims was insufficient. Records that identify the date, number of hours lost the rate of pay and business purpose for all lost wages must be retained. Currently the union's only documentation of lost time appears to be a notation on the check stub. However, the check stub notations for lost time payments in 2003 did not include all the required information. The union must keep full documentation of lost time claims in the future.

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The CAP also disclosed that some checks which were voided and not issued were not retained.

Provided that Division 65 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

I want to extend my personal appreciation to you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Sr. investigator