



May 23, 2012

Mr. Mike A. Dominguez, Secretary Treasurer
Locomotive Engineers, IBT Division 264

Case Number: [REDACTED]
LM Number: 540603

Dear Mr. Dominguez:

This office has recently completed an audit of Locomotive Engineers, IBT Division 264 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 May 8, 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 Violation

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 264's 2011 records revealed the following recordkeeping violation:

Lost Wages

Division 264 did not retain adequate documentation for lost wage reimbursement payments to Jorge Gomez and Richard C. Barron totaling at least \$1,238. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Division 264 did not retain any supporting documents to identify any of the aforementioned requirements.

During the exit interview, I provided a sample of an expense voucher Division 264 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Reporting Violation

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 264 for fiscal year ending December 31, 2011, was deficient in the following area:

Disbursements to Officers

Division 264 failed to correctly report all disbursements to Mike A. Dominguez Sr., Richard C. Barron, and Jorge Gomez totaling \$7,248 on its LM report. Disbursements totaling \$2,760 to Dominguez, \$200 to Barron, and \$4,288 to Gomez, were all incorrectly reported in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Division 264 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). The union was required to amend its LM report and have complied.

Other Issues

Use of One Signature

During the audit, you and Barron advised that it was past practice for Division 264 to only require one signature on checks disbursed by Division 264. OLMS strongly recommends that

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Division 264 change its past practice to include requiring two signatures to improve internal control of union funds.

I want to extend my personal appreciation to Locomotive Engineers, IBT Division 264 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

cc: Mr. Richard C. Barron, President
Mr. Jorge Gomez, Local Chairman