

U.S. Department of Labor

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March 21, 2008

Mr. Billy Fuller, Secretary Treasurer
Locomotive Engineers, IBT
Division 915
521 Edgewood Drive
Pineville, LA 71360

LM File Number 004922
Case Number: [REDACTED]

Dear Mr. Fuller:

This office has recently completed an audit of Locomotive Engineers Division 915 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, Nathan Krig and Ronnie Rhodes on March 20, 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 915's 2006 records revealed the following recordkeeping violations:

1. Lost Wages

Division 915 did not retain adequate documentation for lost wage reimbursement payments to Local Chairman Krig totaling at least \$2,000. 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 915 only maintained records reflecting that lost time was paid. No records were maintained identifying dates and actual time lost or the union business conducted.

During the exit interview, I provided a sample of an expense voucher Division 915 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.

2. Information not Recorded in Meeting Minutes

During the audit, you and Mr. Krig advised OLMS that Division 915 is authorized to pay the Local Chairman lost time payments under specific conditions. Section 13 (a) of the Local Division Rules requires all disbursements to be authorized at a regular meeting and that fixed monthly expenses, such as lost time, once properly authorized for payment as stated, will be considered as authorized each month until the Division takes action eliminating such authorization. However, the meeting minutes do not contain any reference to those issues. Minutes of all

membership and executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Division 915 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 Division 915 for fiscal year ending December 31, 2006, was deficient in the following areas:

Disbursements to Officers

Division 915 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.

The union must report gross salary (before taxes and other deductions), allowances and other disbursements to Division 915 officers in Item 24.

The union must report most direct disbursements to Division 915 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).

I am not requiring that Division 915 file an amended LM report for 2006 to correct the deficient items, but Division 915 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

The audit disclosed the following other issue:

Signing Checks

During the audit, it was determined that you have been the sole signatory of union checks. Your Local Division Rules require that all checks be signed by the secretary-treasurer and any of the following persons: 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. However, a one-signature check does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Division 915 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Locomotive Engineers Division 915 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: Elmer Barnes, President