

**U.S. Department of Labor**

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August 6, 2007

Mr. Stephen Owens, Financial Secretary  
Railroad Signalmen AFL-CIO  
Local Lodge 72  
4800 Colony Park Dr.  
Jonesboro, AR 72404-9608

LM File Number 044-504

Case Number: [REDACTED]

Dear Mr. Owens:

This office has recently completed an audit of Railroad Signalmen Local Lodge 72 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 June 26, 2007, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local Lodge 72's 2006 records revealed the following recordkeeping violations:

Union officers failed to maintain adequate documentation for reimbursed expenses and for lodging expenses that were direct-paid by the union. Specifically, hotel receipts and airfare receipts were not retained for the delegates that attended a union convention in Las Vegas during 2006. In the future, all original receipts must be retained for reimbursed expenses incurred by union officers or delegates.

Additionally, an officer expense report with supporting documentation was not retained for one of the union meetings held in Sedalia, MO. Expense reports are the union's records that are maintained in the course of handling normal union business and should be consistently retained. In addition to this documentation, the original receipts supporting the expense report should also be retained.

#### Other Violations

The CAP disclosed the following other violation:

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local Lodge 72's officers and employees are currently bonded for \$25,000, but they must be bonded for at least \$25,795.

Local Lodge 72 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than August 20, 2007.

There is no evidence that the above violations were willfully committed, and due to this, at this time no action by this office will be pursued.

Mr. Stephen Owens  
August 6, 2007  
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I want to extend my personal appreciation to Railroad Signalmen Local Lodge 72 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,

[REDACTED]

Investigator

cc: Dirac Twidwell, President