



January 27, 2015

Jay Katz, President
Treasury Employees Union IND
Chapter 260
1601 Bryan Street
Dallas, TX 75201

Case Number: 420-6002277 [REDACTED]
LM Number: 540624

Dear Mr. Katz:

This office has recently completed an audit of Treasury Employees Union IND Chapter 260 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you, Secretary Curtis Smith, and former President [REDACTED] on December 9, 2014, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 Chapter 260's records revealed the following recordkeeping violation:

Information not Recorded in Meeting Minutes

During the audit, [REDACTED] advised OLMS that the membership authorized travel expenses at membership meeting. However, the union does not maintain minutes of the meeting. Minutes of all membership or executive board meetings must be maintained to support any disbursement authorizations made at those meetings.

Based on your assurance that Chapter 260 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report (Form LM-3) filed by Chapter 260 for the fiscal year ended September 30, 2013, was deficient in the following area:

Disbursements to Officers (LM-3)

Chapter 260 did not include some reimbursements to [REDACTED] totaling at least \$2,465.77 and Jay Katz totaling at least \$3,094.76 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 56.

The union must report most direct disbursements to Chapter 260 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).

Chapter 260 has filed an amended Form LM-3 for the fiscal year ended September 30, 2013, to correct the deficient items discussed above. OLMS will take no further enforcement action at this time regarding the above violation.

Other Violation

The audit disclosed the following other violation:

Missing Receipt

A receipt in the amount of \$350.00 from the International Union was never received or deposited into the chapter's bank account. All payments to the chapter must be recorded and deposited into the chapter's records and bank account.

Based on your assurance that Chapter 260 will locate and deposit all receipts, OLMS will take no further enforcement action at this time regarding the above violation.

I want to extend my personal appreciation to Treasury Employees Union IND Chapter 260 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: Mr. Curtis Smith, Secretary

[REDACTED]
Mr. Jim Vordtriede, Vice President – at – Large
[REDACTED]