

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 27, 2009

Mr. Chris Blair, Secretary-Treasurer
Brotherhood of Locomotive Engineers
Local 609
1108 River Run Drive
Platte City, MO 64079

LM File Number 515-549
Case Number: [REDACTED]

Dear Mr. Blair:

This office has recently completed an audit of BLE Local 609 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 July 15, 2009, 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 Local 609's 2007 and 2008 records revealed the following recordkeeping violations:

1. Failure to Maintain Disbursement Records

The local failed to maintain disbursement records for its Exchange Bank checking account from January 2007, to February 28, 2007. The local kept bank statements showing the disbursements; however, it did not have backup records for the following disbursements: Check Number [REDACTED] for \$209.10 written on January 30, 2007 to Casteel Insurance Agency; Check Number [REDACTED] for \$809.10 written on January 31, 2007 to Reliance Standard Life Insurance; Check Number [REDACTED] for \$216.75 written on February 27, 2007 to Casteel Insurance Agency; and Check Number [REDACTED] for \$809.10 written on February 28, 2007 to Reliance Standard Life Insurance.

2. Lost Wages

Local 609 did not retain adequate documentation for lost wage reimbursement payments to the local chairman on at least two occasions. 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 on two occasions Local 609 failed to identify the date, nature of union business conducted and the number of hours (or missed trips) lost.

During the exit interview, I discussed the information the local must maintain for lost wages and other officer expenses.

3. Lack of Salary Authorization

Records show that the secretary-treasurer receives a salary of \$225 a month and the local chairman receives a salary of \$225 a month, plus expenses for cell phone use, internet, and for a fax line. Local 609 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 609 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 Local 609 for fiscal year ending December 31, 2007 was deficient in that the report shows total receipts of \$67,206, when the actual receipts were \$35,565. In addition, the report shows total disbursements of \$65,099, when the actual amount of disbursements was \$33,961.

I am not requiring that Local 609 file an amended LM report for 2007 to correct the deficient items since Local 609 has corrected the reporting errors on its 2008 amended LM-3 report.

Other Issue

No Second Signature on Checks

The audit revealed there is only one signature on the local's disbursement checks. A 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. OLMS recommends that Local 609 review these procedures to improve internal control of union funds.

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I want to extend my personal appreciation to BLE Local 609 for the cooperation and courtesy extended during this compliance audit. I strongly suggest 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