

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Dallas District Office  
525 Griffin Street  
Room 300  
Dallas, TX 75202  
(972)850-2500 Fax: (972)850-2501



December 7, 2009

Mr. Robert Thornton, Secretary-Treasurer  
Brotherhood of Railroad Signalmen AFL-CIO  
Local Lodge 185  
PO Box 643  
Harleton, Texas 75651

LM File Number 024-130  
Case Number: [REDACTED]

Dear Mr. Thornton:

This office has recently completed an audit of Railroad Signalmen LLG 185 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 and President Randall Shoebrooke on September 21, 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 Lodge 185's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local Lodge 185 did not retain adequate documentation for reimbursed expenses incurred by former Secretary-Treasurer [REDACTED] totaling at \$1,665.69.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Maintain Records

Local Lodge 185 did not maintain any union records of receipts and disbursements for years 2000 - 2006. Union records must include an adequate identification of all money the union receives and disburses. The receipt records should show the date and amount received, and the source of the money. The disbursement records should show the date, amount, purpose, and contain the supporting documents for all union funds disbursed.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local Lodge 185's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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 within 90 days after the end of the labor organization's fiscal year. The Labor Organization Annual Report (LM-3) is delinquent in that no report has been filed for Local Lodge 185's fiscal year ending December 31, 2007. The LM-3 for Local Lodge 185 was due March 30, 2008.

Local Lodge 185 must file a Form LM-3 for fiscal year ending December 31, 2007. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 13, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Railroad Signalmen Local Lodge 185 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: Walt Barrows, International Secretary Treasurer