

U.S. Department of Labor

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July 16, 2009

Mr. Anthony Marchi, Treasurer
United Transportation
Local 1597
4501 W. 88th Street
Hometown, IL 60456

LM File Number 016-644
Case Number: [REDACTED]

Dear Mr. Marchi:

This office has recently completed an audit of United Transportation Local 1597 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 1597's 2007 records revealed the following recordkeeping violation:

General Reimbursed Expenses

Local 1597 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$2000.00 and for other expenses of the union totaling at least \$2000.00. For example, Local 1597 could not provide backup documentation during the audit for check # [REDACTED] in the amount of \$1894.00 for trip expenses to Kansas City, MO and for check # [REDACTED] in the amount of \$450.85 to Bartolini's Restaurant for the food at the Christmas party.

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.

Based on your assurance that Local 1597 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-2 filed by Local 1597 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 1597 did not include some payments to officers in Schedule 11 (All Officers and Disbursements to Officers) for airline tickets, meals, hotels, and lost time incurred on a trip to Kansas City, MO totaling at least \$4000.00. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away hats and food totaling more than \$2500.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

3. From Members for Disbursement on Their Behalf

Local 1597 did not properly report the receipt of \$10,145.00 from the Belt Railroad Company and the disbursement of \$10,145.00 to the Political Education League fund at the National Union. Members voluntarily contribute funds to the Political Education League through deductions from their paychecks and request that these monies be forwarded to the National Union which administers this fund. The receipt was erroneously reported in Schedule 14 (Other Receipts) and the

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disbursement in Schedule 16 (Political Activities and Lobbying). However, the receipt should have been reported in Item 47 (From Members for Disbursement on Their Behalf) and the disbursement in Item 64 (Disbursements on Behalf of Individual Members).

I am not requiring that Local 1597 file an amended LM report for 2007 to correct the deficient items, but Local 1597 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to United Transportation Local 1597 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