

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
1222 Spruce Street  
Room 9 109E  
St. Louis, MO 63103  
(314)539-2667 Fax: (314)539-2626



October 27, 2008

Mr. Todd Murray, Secretary-Treasurer  
Transportation Union  
Local 565  
108 West Kirkwood Street  
Odin, IL 62870-1085

LM File Number 020-569  
Case Number: [REDACTED]

Dear Mr. Murray:

This office has recently completed an audit of Transportation Union Local 565 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 October 10, 2008, 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 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 565's 2007 records revealed the following recordkeeping violation:

#### No Record of Meeting Minutes

You advised OLMS that Local Chairman Legislative Representative Ron Caldwell receives reimbursements for expenses and a monthly salary of \$225.00. Section V of Local 565's bylaws requires that disbursements, except for the president's monthly salary of \$15.00; secretary-treasurer's monthly salary of \$300.00; postage; and flowers for deceased members not to exceed \$50.00, shall be approved by the local before the disbursements are made. 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. In addition, minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 565 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 565 for fiscal year ending December 31, 2007 revealed the following reporting violation:

#### Failure to Report Receipts and Disbursements Accurately

The union reported receipts and disbursements for a different year than when it was actually received and disbursed. You made a "ledger adjustment" on January 1, 2007 to the receipts in the amount of \$3,128.70, an unrecorded dues deposit in 2006, and on February 28, 2007, you made an adjustment entry to the disbursements in the amount of \$5,457.40, the outstanding checks at the beginning of the year. This inflated Local 565's total receipts and disbursements for 2007. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money.

I am not requiring that Local 565 file an amended LM report for 2007 to correct the deficient items, but Local 565 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transportation Union Local 565 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: Ken Smudrick, President  
Stephen Noyes, Auditor