



March 28, 2012

Mr. Lawrence Legate, Secretary-Treasurer
United Transportation Union
Local 949

Case Number: [REDACTED]
LM Number: 004875

Dear Mr. Legate:

This office has recently completed an audit of United Transportation Union 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 February 28, 2012, 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 949's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 949 did not retain adequate documentation for reimbursed expenses incurred by Secretary-Treasurer Lawrence Legate and Local Chairman Mike Sikes totaling at least

\$1,787. For example, during the exit interview, Legate produced only one receipt for software in which Legate purchased at Office Depot. Legate and Sikes both received reimbursement for mileage and miscellaneous purchases for office supplies. However, Legate did not maintain adequate documentation or retain receipts for himself or Sikes. Sikes only retained and provided for analysis, three monthly expense reports (January 2010-March 2010) including bills for Sikes.

As 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. Reimbursed Auto Expenses

Lawrence Legate and Mike Sikes were entitled and received reimbursement for business use of their personal vehicles. The reimbursements to Legate and Sikes were lumped together and included with Legate and Sikes' monthly salary payments. However, there was no supporting documentation to support or identify the amount and purposes for the reimbursements. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 949 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 949 for the fiscal year ended December 31, 2010 was deficient in the following area:

Disbursements to Officers

Local 949 failed to correctly report all disbursements to Lawrence Legate on its LM report. Local 949 reported disbursements totaling \$1,739 to Legate in Item 24 (All Officers and Disbursements to Officers). The audit disclosed that Legate received payments totaling \$5,102 for the audit period. The payments were lumped together and included Legate's salary, salary, reimbursements for mileage, lost time, and miscellaneous office supplies. It appears that the union erroneously reported these payments in Item 48 (Office and Administrative Expenses)

Local 949 also failed to correctly report disbursements to Mike Sikes in Item 24 (All Officers and Disbursements to Officers). The audit disclosed that Sikes received payments totaling \$3,885 for the audit period. The disbursements to Sikes were lumped together and included

Sikes' salary, reimbursements for mileage and miscellaneous office supplies. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 949 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). The union was required to amend its LM report and have complied.

I want to extend my personal appreciation to United Transportation Union Local 949 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: Mr. John Owens, President
Mr. Eddie Sikes, Local Chairman Conductor