U.S. Department of Labor

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April 30, 2007

Mr. James Wilmesher, Secretary/Treasurer
Brotherhood of Locomotive Engineers & Trainmen, AFL-CIO
International Brotherhood of Teamsters (IBT)
State Legislative Board, Colorado
1260 East Jamison Avenue
Centennial, Colorado 80122

Re: Case Number: [redacted]

Dear Mr. Wilmesher:

This office has recently completed an audit of Brotherhood of Locomotive Engineers and Trainmen, AFL-CIO (BLET), State Legislative Board (SLB), Colorado 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 BLET/IBT, SLB Chairman Michael Weston on April 24, 2007, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of BLET/IBT, SLB records revealed the following recordkeeping violations:

- The union failed to record employer dues check-off checks and checks received from each of its direct dues-paying State Legislative Board divisions. Receipt records must include an adequate

identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

- Union officers failed to maintain adequate documentation for reimbursed expenses that were direct-paid by the union. Adequate documentation was not retained for some officer's cellular telephone expenses. Officer's personal credit card statements attached to lost time vouchers do not identify specific office and administrative expenses direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

- Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must 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.

As agreed during the exit interview, provided that BLET/IBT, SLB maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file BLET/IBT, SLB'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 also 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, not just the individuals who are responsible for filing the union's LM report.

Other Issues

Authorization for Expenses

During the exit interview, I advised you that authorization for union gas and computer expenses paid to union officers could not be found in union records. I recommend that the BLET/IBT, SLB document authorized amounts for gas and computer expenses in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting). When the authorized expense amounts have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

In the case of reimbursed mileage expenses for personal vehicles used for business travel, records must be maintained which identify the date of travel, locations traveled to and from, number of miles driven, and the business purpose of each use.

Policy for Expenses

As discussed during the exit interview, the audit revealed that BLET/IBT, SLB does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. Authorization of expenses

is an important matter that should be recorded in union records. If written guidelines are adopted in the near future, I would appreciate it if you would forward a copy to me.

Countersignature (Signing Blank Checks)

During the audit, you advised that BLET/IBT, SLB Chairman Weston signs blank checks in advance. Your union's bylaws require that all checks be signed by the chairman and treasurer. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that BLET/IBT SLB review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Locomotive Engineers, IBT, SLB 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,

[redacted]
Investigator

cc: M. Weston, Chairman