

U.S. Department of Labor

Office of Labor-Management Standards
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May 16, 2022

Mr. Jon Bailey, Local Chairman
Transportation Communications Union District T-610
8046 Stonehouse Road
California, KY 41007

Case Number: 350-6023614()
LM Number: 011135

SENT VIA ELECTRONIC MAIL TO [REDACTED] and [REDACTED]

Dear Mr. Bailey:

This office has recently completed an audit of Transportation Communications District T-610 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 Local Chairman Jon Bailey on May 11, 2022, 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 District T-610's 2021 records revealed the following recordkeeping violations:

1. General Expenses

District T-610 did not retain adequate documentation for all expenses. For example, on July 4, 2021, the union made a disbursement of \$476.96 to Best Buy and there was no corresponding documentation.

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. Meal Expenses

District T-610 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Disposition of Property

District T-610 did not maintain an inventory of three cell phones, five computers, a computer mouse, and a printer purchased. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. In the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that District T-610 maintained no minutes of executive board meetings. Article 4, Section 15 of the Constitution requires that the Recording Secretary should keep the minutes of all meetings. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that District T-610 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 District T-610 for the fiscal year ended December 31, 2021, was deficient in that:

Disbursements to Officers

District T-610 did not report \$1,647.42 in payments to Assistant Local Chairman [REDACTED] in Item 24 (All Officers and Disbursements to Officers), on the 2020 and 2021 reports. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to District T-610 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).

I am not requiring that District T-610 file an amended LM report for 2020 or 2021 to correct the deficient items, but District T-610 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Lost Time Policy

As I discussed during the exit interview with you, the audit revealed that District T-610 does not have a clear policy regarding lost time. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Signing Checks

During the audit, you advised that District T-610 Local Chairman Jon Bailey and Financial Secretary-Treasurer Dinah Studer signed checks. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, OLMS found multiple checks with only one officer's signature. For example, check numbers 363 and 385 failed to have the signature of two officers. OLMS recommends that District T-610 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Transportation Communications District T-610 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,

A black rectangular box redacting the signature of the investigator.

Investigator

cc: Ms. Dinah Studer, Financial Secretary-Treasurer