



Sent via email to [REDACTED] and [REDACTED]

January 13, 2023

Mr. Chuck Knotts, President
Locomotive Engineers, IBT DIV 476
[REDACTED]

Case Number: 530-6025332([REDACTED])
LM Number: 008356

Dear Mr. Knotts:

This office has recently completed an audit of Locomotive Engineers Division 476 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, Secretary/Treasurer David Chapa and Local Chairman Duane Taddei on January 12, 2023, 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 Division 476's 2021 records revealed the following recordkeeping violation:

1. Lack of Salary Authorization

Division 476 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. 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.

Based on your assurance that Division 476 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 Division 476 for the fiscal year ended December 31, 2021, was deficient in that:

1. Disbursements to Officers (LM-3)

Division 476 did not include some disbursements to officers totaling at least \$1,929 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). It appears the union erroneously reported officer's lost time payments in Item 24, Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Division 476 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 want to extend my personal appreciation to Locomotive Engineers Division 476 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. David Chapa, Secretary/Treasurer
Mr. Duane Taddei, Local Chairman